



EUROPEAN NEWS

Spain's right-wing opposition unveils election programme

BY DAVID WHITE IN MADRID

MORE EXTENSIVE privatisation, lower taxes, reduced government spending, support for small companies and special plans to combat terrorism and drugs are among the main points of the election programme released yesterday by Spain's principal opposition group, the Popular Coalition.

Lisbon ponders fate of state chemicals group

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government is considering what to do with the huge state chemicals and fertilizer conglomerate Quimigal, which made a loss of Es 10.5bn (£48m) on sales of Es 65.1bn last year.

Insurance premiums rise 5% in volume worldwide

BY JOHN WICKS IN ZURICH

WORLD INSURANCE premiums went up by some 5 per cent in 1984 to more than \$500bn, according to estimates by Swiss Reinsurance Company.

W. German Greens call for nuclear shutdown

By Peter Bruce in Bonn

WEST GERMANY'S radical Greens party ended probably its most harmonious annual conference in recent years in Hanover yesterday with ringing threats to the country's nuclear industry.

Survival in huge cities of future

By David White in Madrid

HOW WILL mega-cities in developing countries be able to provide services for populations bigger than were ever conceived of in the urban centres of the industrialised world?

Palme murder hunt inquiry

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Government is expected later this week to set up a commission of inquiry into the assassination in February of Mr Olaf Palme, the Swedish Prime Minister.

Polish church urges radical economic shift

BY CHRISTOPHER SOBINSKI IN WARSAW

POLAND'S POWERFUL Roman Catholic Church has indicated that it sees action to introduce radical market-oriented reforms as the only solution to the country's intractable economic problems.

Doubt over talks on jailed French agents

BY DAVID HOUSEGO IN PARIS

THE FUTURE of negotiations between France and New Zealand over the release of two French agents for their part in the blowing-up of the Greenpeace boat Rainbow Warrior were thrown into some confusion yesterday by conflicting statements from Mr David Lange, the New Zealand Prime Minister.

ATHENS TRYING TO SETTLE DISPUTES WITH ANKARA

Greece uses EEC lever on Turkey

BY MAGGIE FORD

GREECE has decided to use the opportunity offered by Turkey's desire to reactivate its relationship with the European Community as a way of trying to settle difficult bilateral disputes.

Home-made bomb defused

EXPLOSIVES experts yesterday made safe a small, home-made bomb found at a nuclear energy research organisation, in The Hague, Renter reports.

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are such that some concessions from Turkey will be needed before the agreement can be signed. Greek concern focused on two main areas.

The question of air and sea navigation rights on the Aegean Sea.

The dispute over the blocked assets of Greeks formerly living in Istanbul. Greece claims these amount to \$200m at 1984 prices and wants agreement on their release.

The first issue, which has caused a number of flare-ups during naval manoeuvres, has already been discussed under the auspices of Nato, of which both countries are members.

According to the Greeks, the European Commission has the competence to bring up the second issue under the non-discrimination clause of the original Association Agreement.

Diplomats say Athens is not necessarily looking for a solution to the disputes, but substantial progress is required before it will agree to Turkey's request for a reactivation of the EEC agreement.

The relationship between the two countries, prickly and suspicious at the best of times, appears to have been soured already in the EEC context. Diplomats in Brussels say that when Mr Halafoglu, the Turkish Foreign Minister, wrote to the member states shortly after the accession of Spain and Portugal, no letter was received in Athens, provoking a complaint.

The letter was reported to contain a request from Turkey for a meeting of EEC Foreign Ministers, without agenda, to approve the reactivation of the relationship.

West Germany's attitude is coloured by the sensitive question of the free movement of Turkish workers within the Community.

On December 1, Turkish workers are due to win the right to be treated almost the same as workers from other member states, and Bonn, which plays host to 1.5m of the total 1.9m Turkish workers in the EEC, wishes to renegotiate.

Turkey has, however, made some progress in its efforts to win concessions. Earlier this month a new agreement was reached on the issue of textile exports to the Community, under which Ankara will receive higher quotas and an opportunity for growth over the next three years.

But the Turks are keen to revive the Association Agreement in order to win better access to the EEC's market, to receive the Ecu (500m (843m) in aid) blocked, and to demonstrate that they have established an internationally acceptable democratic system.

Communist dropped from title of party

By Andreas Invernizzi in Athens

GREEK Socialist Communist Party (KKE) has decided after 18 years on the political stage to drop the word Communist from its title, and to become known as the Socialist Party.

The decision to form a new party was adopted at a heated national conference which ended in Athens in the early hours of Monday morning.

A former proposal by the KKE to amend the party's constitution to preserve the party's Communist profile, was defeated.

A vote for a new secretary-general is expected to take place this week, with Mr Leonidas Kyriakides, the party's president and the chief sponsor of change, considered the likeliest candidate.

The KKE Interior was created in the aftermath of the 1968 Soviet invasion of Czechoslovakia, when Greece's Communist Party split into two wings, one remaining faithful to Moscow and the other taking a Eurocommunist line.

The two Communist parties fought the 1974 elections, the first after the collapse of the Greek military dictatorship, in an informal temporary alliance which won 45 per cent of the vote.

Since 1977 the Eurocommunist have run separately, never going above about 3 per cent in a national election, but doing slightly better in European elections.

They secured one seat in Greece's 300-member parliament with 1.94 per cent of the vote in general elections last June.

"I have taken over because the co-operation between Holmer and K. G. Svensson was not working and could not continue," Mr Zelme said.

In March the suspect was held in detention for several days before being released because Mr Svensson decided that there was no basis on which to press charges.

In recent days the police have insisted that the suspect have several additional interviews with eye-witnesses to the murder, despite objections by the chief prosecutor.

Mr Svensson said on Friday that he welcomed the early setting up of a commission of inquiry.

"It is necessary to have a comprehensive inquiry into this issue of legal rights as soon as possible."

Palme murder hunt inquiry

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Government is expected later this week to set up a commission of inquiry into the assassination in February of Mr Olaf Palme, the Swedish Prime Minister.

Police appear to have made little progress in the search for the killer and are facing mounting criticism for their conduct of the murder hunt.

The directive for the commission has been under preparation over the weekend and one of the main issues it will have to address is how police tackled the investigation since Mr Palme was shot in a central Stockholm street on February 28.

Criticism of the police reached a new pitch in recent days following a claim from Mr K. G. Svensson, the chief prosecutor who has worked closely with the case, that Stockholm police had seriously violated the legal rights of one suspect.

A 33-year-old Swede appears to be the police's prime suspect for involvement in the killing, but according to Mr Svensson, the man could have been ruled out of the investigation at a much earlier stage if police had not impeded the prosecutor's work.

Lawyers for the man have called for the resignation of both Mr Hans Holmer, the Stockholm Police Chief and Mr Sten Wickbom, the Justice Minister.

At the weekend the chief prosecutor said he was giving up the case and that he would be replaced by Mr Claes Zelme, the senior Stockholm prosecutor.

Poland's powerful Roman Catholic Church has indicated that it sees action to introduce radical market-oriented reforms as the only solution to the country's intractable economic problems.

It has also suggested that the Government could count on church support in calming the inevitable discontent arising from growing income differentials which would accompany such an attempt at improved efficiency throughout the economy.

The offer comes in the latest issue of the Krakow based Catholic weekly, Tygodnik Powsny, in an article by Mr Slawomir Siewek who has been acting as a spokesman for the church's aid to agricultural schemes.

Mr Siewek, whose article must have received top church approval, lists the questions which would have to be resolved if the church were to become involved in any shift to a more efficient economy.

These include the granting of special status, to political prisoners, legal status for the church as well as for its charitable activities, no discrimination in granting church building permission as well as in the church's publishing activities, and permission for its aid to agriculture scheme.

Mr Siewek calls on the authorities to widen the debate on the future of the economy to include "people who credibly represent public opinion"—a veiled reference, if not to Mr Lech Walesa himself then to his supporters and advisers.

Mr Lange took these remarks to mean that the "Rainbow Warrior affair could be settled without too much problem. This is not the case," he added.

But in a separate statement Mr Lange also confirmed that diplomatic contacts between France and New Zealand would be maintained. He confirmed that preliminary talks had taken place in Geneva.

In practice French curbs on New Zealand imports have been relaxed substantially as New Zealand diplomats in Paris have confirmed. Mr Lange's burst of anger seems to reflect the domestic problems he could have in releasing the two French agents.

Home-made bomb defused

EXPLOSIVES experts yesterday made safe a small, home-made bomb found at a nuclear energy research organisation, in The Hague, Renter reports.

Police found the package, including wires and a time-clock, at the offices of Neratom NV, after a group calling itself 'The Red Revolutionary Front' telephoned a warning.

The spokesman said experts took the device and neutralised it in a small, controlled explosion. He was unable to estimate the exact size of the bomb.

A spokesman at the Neratom office said that Neratom NV was an independent research group in the field of nuclear power generation.

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### Uphill task for Reagan on Saudi arms sale

By Reginald Dale, US Editor in Washington

PRESIDENT Ronald Reagan has made some progress in his bid to save his beleaguered \$3.54m arms sale to Saudi Arabia, rejected by Congress earlier this month, but his task remains "very difficult," the White House said yesterday.

Mr Larry Speakes, the White House spokesman, said that Mr Reagan would almost certainly veto the congressional resolution opposing the sale of sophisticated missiles today or tomorrow. Mr Reagan, however, still faced an uphill struggle to change enough minds in the Republican-led Senate to overturn the vote in the House, blocking the sale by substantial majorities.

The votes constituted the first time in history that Congress has rejected a proposed presidential arms sale, although congressional opposition has in the past caused the withdrawal of sales before a vote.

Mr Reagan has been concentrating on the Senate, which voted 73 to 22 for the resolution blocking the sale, in the hope that he can sustain a veto of the resolution, allowing the sale to go through. To be sure of sustaining a veto, he needs 34 of the chamber's 100 votes, a figure that the White House admits he is still some way from achieving.

Presidential vetoes can only be overturned by two-thirds majorities in both houses—a target that appears easily obtainable by the deal's opponents in the Democrat-controlled House, which voted against the sale by 356 to 62.

Advocates of the sale argue that US credibility with moderate Arab states will suffer a devastating blow if the deal fails. Yesterday, Senator Richard Lugar, the Republican chairman of the Senate Foreign Relations Committee, said that without the arms sale, the Middle East peace process would be "dead in the water."

Opponents, however, argue that this is in fact already the case, largely thanks to the failure of countries like Saudi Arabia to give strong enough backing to peace efforts.

Administration officials complain that a number of recent events have unleashed a pent-up reservoir of anti-Arab feeling on Capitol Hill which could threaten the entire future of US relations with the moderate Arab countries. They say that members of Congress are indiscriminately associating all Arabs with terrorism and feel much more free to vent their feelings now that Open Skies collapsed and the US is much less dependent on Middle East oil.

The White House is afraid that if the sale is defeated, Congress will next try to block the entry of the first US AWACS airborne warning and control system aircraft already bought by the Saudis.

### Cuomo to stand again for New York governorship

BY TERRY DODSWORTH IN NEW YORK

GOVERNOR Mario Cuomo of New York, one of the handful of Democrats most frequently named as contenders for the party's presidential nomination in 1988, said yesterday he would stand for the governorship again in the election at the end of this year.

Democratic Party strategists and advisers to Mr Cuomo are said to have had mixed views about whether it would be better for him to mount a run for the presidency from the governor's office, or to retire from office and devote himself to campaigning around the country.

The Governor, an electrifying speaker who solidified his reputation with an emotional speech at the 1984 Democratic national convention, has been careful to create a certain amount of ambiguity over his intentions.

He has said that running for

### US cabin staff union offers to end TWA strike

BY TERRY DODSWORTH IN NEW YORK

THE US cabin staff union which has staged a 10-week strike against TWA, the transatlantic airline, has made an unconditional offer to send all its striking members back to work.

The proposal follows a new pay offer from the company, details of which have not been revealed. Ms Vicki Frankovich, President of the Independent Federation of Flight Attendants (IFFA), said yesterday the union was offering to get the attendants back to work even though a "contract dispute very much exists."

This change in strategy by the union follows weeks of on-and-off negotiations between the two sides over TWA's demands to cut the flight attendants' pay by 22 per cent and make work rule changes worth around \$100m.

The union had previously agreed to a 15 per cent salary cut which it claims would save

## Peter Marsh reviews the debate over the sale of sensitive commercial satellite information

# Commercial spies in the sky raise political fears

THE CHERNOBYL nuclear disaster has thrown the spotlight on the application both of civilian and military reconnaissance satellites in monitoring such events—and how the narrowing distinction between the two types of space vehicle may cause political problems in the future.

US intelligence agencies have obtained pictures of the catastrophe with military spy satellites such as the KH-11 craft which swoops over the North and South poles, covering a different swathe of the earth roughly every 90 minutes and from an altitude of between 240 and 530 kms.

It is virtually certain, though not officially admitted, that the agencies supplement this information with pictures obtained by civilian photographic satellites run by Spot Image, a company in Toulouse backed by the French government and Eosat, a joint venture in the US between Hughes Aircraft and RCA.

The Spot satellite, launched earlier this year on an Ariane rocket and fully commissioned only in the past fortnight, is especially useful. It can obtain pictures of the ground with a resolution of 10 metres, better than the 30 metre resolution of the Landsat vehicle operated by Eosat and bearing the performance of military craft.

The data from military satellites is kept firmly under wraps, but Spot Image is a

commercial operation which will sell its pictures to anyone with ready cash. A computer tape containing information in digital form about a 60 km by 60 km area of the world sells for \$1,400 (£903).

This has led to fears, expressed particularly by the Soviet Union and other Eastern bloc nations, that sensitive information based on space snapshots of countries' territories could be hawked around the world irresponsibly.

According to this argument, the USSR and its allies accept the use of US spy craft. This is on the basis that the Communist countries use similar vehicles to monitor US military activities. But they—along with some Third World nations—are suspicious of information from civilian satellites which is available to anyone.

Oil and food companies, for example, could with the pictures obtain information about minerals deposits and crop growth in specific nations. The information might be denied to the countries themselves and used as a basis on which either to buy land or to monitor a country's ability to feed itself.

Dr John Steinbruner, director of foreign policy studies at the Brookings Institution in Washington, thinks that concern over such use of satellite data may be legitimate.

"Satellite pictures which could locate the positions of heads of state or critical mili-

tary leaders could present problems," says Dr Steinbruner. Such information could be used by enemies of a particular country's rulers to overthrow its government.

To clarify matters, Dr Steinbruner would like a set of international rules to sort out the distinctions between civilian and military satellites. The rules could safeguard individual countries' rights obtaining data obtained from their territories from satellites.

These arguments are dismissed by other observers in the West who say that the flow of information from civilian photographic satellites should be inhibited by as few barriers as possible.

"The activities of Spot Image are a good thing," says Admiral Stansfield Turner, director of the US Central Intelligence Agency (CIA) from 1977 to 1981.

He says that with the increasing availability of space snapshots the world should become safer. "No general in the world will be able to get away with a surprise attack," according to the admiral.

Admiral Turner has clashed with his former colleagues in the intelligence community by pressing for more openness in disclosing information from military satellites. He would like the US to set up its own "open skies" agency to hand out to the world information both from civilian and military

satellites.

If the Pentagon had publicised pictures from its spy craft immediately after the start of the fire at Chernobyl on April 26 rather than wait for several days, the admiral argues that lives in Eastern Europe could have been saved and worldwide demand for information satisfied.

How useful are pictures from civilian satellites to military intelligence authorities? The snapshots from the civilian craft are still some way from matching those from spy vehicles.

The KH-11 spy satellites—of which the US has one in orbit instead of the more usual two—are reputed to be able to spot objects of 1.2 metres in diameter, about the size of a dustbin lid. The US periodically sends into orbit more powerful "close look" vehicles.

However, military satellites do not provide continuous coverage of the earth's surface. Even though the orbits of these powerful "close look" vehicles, it is therefore extremely likely that intelligence officials supplement data from other sources by taking advantage of commercial services offered by Eosat and Spot Image. This is difficult to substantiate, however. Neither Eosat nor Spot Image discuss the identities of their customers and intelligence agencies are tightlipped over their sources of information.



### Occidental to cut workforce by 2,000

OCCIDENTAL PETROLEUM, the 12th largest US oil company in the US, said yesterday it was cutting 2,000 employees from its payroll in order to reduce its 1988 budget. Reuter reports from Los Angeles.

The company said it now expects to spend \$950m (£623m) this year, down an additional \$150m from the budget announced in March and down 35 per cent from its original budget of about \$1.5bn.

The jobs are being lost as a result of the merger of its recently acquired MidCon and United Gas Pipeline units.

Mr Armand Hammer, the chairman, said the reductions complete the third step in a planned programme in response to lower oil prices and to consolidate its MidCon and United Gas Pipeline operations with its Cities Service subsidiary.

The job reductions are in addition to 400 jobs eliminated from Cities Services in September 1985.

Lower oil prices, which had dropped well over 50 per cent to about \$10 a barrel for the benchmark US crude, before recovering to about \$16.50, have resulted in sharply lower earnings for most of the nation's oil companies, many of which have also announced staff reductions.

### Fraud claim in Dominican Republic poll

By Robert Graham in Santo Domingo

MR JACOBO MAJLUTA, presidential candidate of the ruling Dominican Revolutionary Party (PRD), was yesterday desperately trying to prevent electoral defeat by claiming malpractice in the counting of Friday's poll.

Mr Majluta's claims could delay the outcome of the Dominican Republic's presidential election, but the result still seems likely to be a victory for Mr Joaquin Balaguer, the 76-year-old blind leader of the right-wing Reformist Party (PRSC). The electoral process has been given full backing in public statements by the armed forces and by an independent committee monitoring the electoral process.

So far, Mr Balaguer has mustered 799,968 votes for his own party and from two other small supporting parties. This represents just over 41 per cent of the 2m votes cast.

Mr Majluta has accumulated 764,509 votes for his reformist party and from five supporting parties, equivalent to 39 per cent of the vote.

The left-wing Dominican Liberation Party (PLD), headed by Mr Juan Bosch, had won 851,749 votes (18 per cent). Mr Bosch has already conceded that his long-time opponent, Mr Balaguer, has won.

# "I'd like to know where the Japanese are putting their money."

Wales has one of the largest concentrations of Japanese manufacturing investment in Europe. The Japanese are highly impressed by the hard-working people and the pride taken in 'doing a good job'. They also like the close links between the universities and local industries and the well-developed communications network. Perhaps the made-to-measure financial packages and the wide choice of greenfield sites have something to do with it, too. And dare we say it? Wales has 117 golf courses, 3 National Parks and 4 areas of 'Outstanding Natural Beauty'—that's a total of some 1¼ million beautiful acres—all important to the Japanese who like to play hard as well as work hard. Dial 100 and ask for Freefone Wales or send off the coupon.

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OVERSEAS NEWS

Sri Lanka snubs India as battle rages for Jaffna

BY MERVYN DE SILVA IN COLOMBO

AN UNCOMPROMISING diplomatic reply to the Indian Government...



On Sunday, Sri Lanka's High Commissioner in Delhi called on Mr P. Chidambaram, India's Union Minister for Personnel Administration...

stood to have been mined, and the Peninsula is almost cut off by the militants who had anticipated the offensive.

Yesterday's newspapers in Colombo, used the term "major military offensive" in reports on the fierce fighting in the north over the weekend.

AP adds from Colombo: The army, backed by helicopter gunships, said it battled Tamil guerrillas yesterday for the third day. Against heavy rebel resistance...

Taipei demonstrators call for end to martial law

HUNDREDS of police armed with clubs ringed a Buddhist temple in Taipei yesterday where crowds of demonstrators demanded an end to martial law in Taiwan.

tional rights, including the right to form new political parties, are suspended.

Peking to hand back Taiwanese airliner

By David Dodwell in Hong Kong

THE Taiwanese cargo aircraft stranded in mainland China two weeks ago after the defection of its pilot is to be handed back in Hong Kong following agreement yesterday between airline officials from the two governments.

The breakthrough, after two days of deadlocked talks, came when the mainland Chinese negotiating team relented in its demand that Taiwan should send a crew to Canton to collect the stranded Boeing 747.

The Taiwanese negotiating team emerged from Sunday's meeting accusing China of deliberately stalling the talks.

Neither side has yet said when the handover will take place.

Th talks have been seen as a major propaganda coup for the Communist Government in Peking.

Commentators in Hong Kong said yesterday that Taipei's decision to relent was a measure of the political controversy aroused by the defection of Pilot Wang Xijue.

After two days of deadlock, a signal of Peking's more-accommodating mood came in an overnight newspaper article from Peking's New China News Agency.

Anthony Robinson analyses reasons behind strikes against the ANC Botha seeks to appease right wing

JUST IN case people at home and abroad were tempted to believe that Pretoria's commitment to domestic reform and its hosting of the Commonwealth Eminent Persons Group (EPG) meant that the Afrikaners had "gone soft," yesterday's simultaneous raids on suspected ANC facilities in Botswana, Zambia and Zimbabwe were meant as a reminder that the Boers still wield a big stick.

Embarrassing as it must be to the EPG (whose members had barely returned from weekend talks with the ANC in Lusaka before the bombs dropped on an ANC base south of the Zambian capital) the timing of the raids suggests that the message was not aimed so much at them but at increasingly restive right wing whites, particularly in the Transvaal.

This coming Thursday Mr P. Botha, the Foreign Minister who is widely regarded as a peripeteia (meaning enlightened as opposed to verkrampte or hardline traditionalist) is due to address a National Party (NP) rally in Petersburg in the rural heartland of northern Transvaal.

The latest raids, which were immediately welcomed by both Conservative Party (CP) and Herstigte Nasionale Party (HNP) spokesmen as the kind of action they have advocated all along, mean that Mr Botha will no longer "go naked" into the hustings.

It was a point emphasised by President P. W. Botha in his presidential speech before the President's Council last week when he underlined the Government's commitment to reform.



ANC office in Harare with upper windows blown out.

townships to the homelands and rural areas. That said, however, this latest proof that South Africa's regional power status in Southern Africa is interpreted by Pretoria as the right to hit its main domestic opponent (the ANC) wherever it may have facilities is also part and parcel of a wider strategy aimed at discouraging the ANC from pursuing its policy of armed overthrow of the Government.

By coincidence or design news of the latest raids followed the discovery over the weekend of the largest ANC arms cache yet found near Krugersdorp on the West Rand about 40 kms after the raids were announced.

on treason charges connected with the arms smuggling and intelligence gathering activities of herself and her former husband, the Dutchman Mr Klaas de Jonge, who is currently cooped up in the Dutch embassy in Pretoria.

Both events are part of a pattern of increasing availability of arms in the townships of increasingly frequent shoot-outs between police and ANC urban guerrillas.

Reducing the inflow of weaponry is seen as essential both to reassure nervous Afrikaner farmers in the border areas and to disappoint the hopes of young radicals in the townships that this year the ANC will make armed revolt a practical possibility.

The EPG, meanwhile, carried silently on with its shuttle diplomacy yesterday by meeting with senior South African officials in Cape Town aware that any sense of a breakthrough leading to prompt negotiations between Pretoria and the ANC—slim at the outset—have now been thoroughly dashed.

In the meantime this latest attack on three Commonwealth countries means that Mrs Margaret Thatcher can expect to face stronger pressure to submit to demands for tougher sanctions against South Africa when the EPG presents its report to the special meeting of seven Commonwealth heads of government next month.

South African action sparks widespread condemnation

BY ROBERT MAUTNER, DIPLOMATIC CORRESPONDENT



Sir Shridath Ramphal: "Sagrant acts of war."

THE US, the Commonwealth and the Organisation of African Unity yesterday sharply condemned the South African military raids on Botswana, Zimbabwe and Zambia which Washington denounced as "outrageous."

In an unusually toughly-worded statement, Mr Larry Speakes, the US Presidential spokesman, said the US stood with the governments and people of the three countries which were victims of the attacks.

Mr Speakes said that some progress had been made at preventing this kind of action.

Africa and its neighbouring countries, he was responsible for productive consultations on security issues and respect for international borders.

In the light of the ongoing efforts of the states concerned to maintain good working relations and to maintain contacts on security problems, the South African raids were "particularly inexplicable."

Sir Shridath (Sonny) Ramphal, the Commonwealth secretary-general, on the other hand, issued a strong call for economic sanctions against Pretoria, describing the raids on neighbouring countries as "nothing short of sagrant acts of war."

Botha seeks to appease right wing

Embarrassing as it must be to the EPG (whose members had barely returned from weekend talks with the ANC in Lusaka before the bombs dropped on an ANC base south of the Zambian capital) the timing of the raids suggests that the message was not aimed so much at them but at increasingly restive right wing whites, particularly in the Transvaal.

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It was a point emphasised by President P. W. Botha in his presidential speech before the President's Council last week when he underlined the Government's commitment to reform.

Black leader's family murdered

By Anthony Robinson in Johannesburg

A BLACK mother and her four children were burned to death in a fire which broke out in their house early yesterday morning in the township of Kagiso.

Mrs Martha Moseledi was the wife of Mr Sibusiso Moseledi, a member of the Kagiso Residents Organisation (KRO) and chairman of the disciplinary committee which has set up a law enforcement machinery.

Mr Laurence Ntshole, KRO general secretary, said the organisation had no claim on who was responsible for the attack but noted that a mysterious vigilante organisation known as "Black Thunder" had distributed threatening pamphlets in the township last week.

Meanwhile, another 12 people were killed in faction fighting near the town of KwaZulu in the Natal province. The capital of KwaZulu, Durban, was the scene of at least 16 violent clashes in the Crossroads squatter camp near Cape Town between "the fathers," a group of conservative older squatters and young radical "conquerors."

FUNDAMENTALISTS SEEK MINISTER'S RESIGNATION Kuwait reformer's job threatened

BY KATHY EVANS IN DUBAI

THE FATE of Kuwait's liberal-minded Education Minister, Dr Hassan al Ibrahim, hangs in the balance yesterday as Islamic fundamentalist groups called for his resignation.

Dr Ibrahim is reported to have submitted his resignation some days ago, but it has yet to be accepted by the Government. There is now speculation that the Prime Minister, Sheikh Saad al Abdullah, may be considering a reshuffle of the entire Cabinet.

If the Government does accept the Education Minister's resignation then Islamic groups could claim a major political victory. Until now, though, Cabinet statements have consistently supported the reforms the minister wishes to push through in the education field, but doubts have emerged on the Government's willingness to do so in the face of opposition.

Islamic groups. In his previous position as rector of Kuwait University, he was responsible for the desegregation of the classroom and campus.

Dr Ibrahim has proposed a number of reforms mainly designed to toughen entry standards to university. The minister wants to require students to turn up daily for classes and also limit the numbers opting for arts rather than science courses, in order to inject a note of relevancy to the country's present needs.

Dr Ibrahim will be the first education minister to tackle the problem of low academic standards in the Gulf. Frequently students with parents of local influence and university life less strenuously endowed.

Hawke moves to allay fears about economy

AUSTRALIA'S Prime Minister, Mr Bob Hawke, now on a visit to Peking, held urgent talks by telephone with senior ministers yesterday amid press reports that there was a major rift between Mr Hawke and the Treasurer, Mr Paul Keating.

The acting Prime Minister, Mr Lionel Bowen, told reporters that Mr Hawke wanted to allay fears over Australia's economy following a warning by Mr Keating that the country was in danger of becoming a banana republic.

Mr Hawke also wanted to ensure that Mr Keating's plan to hold an urgent national conference on the economy in the coming weeks was not labelled as a panic meeting, Mr Bowen said.

to a record \$412bn (\$5.8bn) in the last 10 months. He said Australia was "done for" unless tough austerity measures were imposed and called for a meeting of government, business and union leaders in the next two to three weeks.

Australian newspapers saw Mr Keating's statement as an overreaction and a power play by the Treasurer while Mr Hawke was away in Japan and China discussing investment and trade.

They dubbed the national conference a "mini-summit," similar to a meeting called by Mr Hawke in a bid for national unity immediately after his 1983 election.

The Opposition leader, Mr John Howard, charged that Mr Keating, the architect of the Government's policy of liberalising the country's financial system, had usurped Mr Hawke's policy-making powers.

Further Israeli bank chief offers to quit

By Andrew Whitley in Tel Aviv

ANOTHER leading Israeli banker has offered to resign his post, in the wake of the Independent Beitjky Commission's call last month for the replacement of the entire top echelon of Israel's bank management by today.

Mr Aharon Meir, chief executive officer of United Mizrahi Bank, Israel's fourth ranked commercial bank, tendered his resignation on Sunday night. But the Mizrahi Board is not due to consider his request for another week.

The reluctant decision to stand down by Mr Meir, who bitterly contested the Beitjky Commission's findings—both in general and specifically in reference to himself—leaves only Mr Raphael the incumbent chairman of Israel Discount Bank, to declare his intentions.

IDD is family owned, and Mr Reananati has hinted that he may not feel himself obliged to go along with Judge Mealeh Beitjky's insistence that all the bank chiefs accept personal responsibility for the country's bank shares manipulation scandal, which emerged in public in October 1985.

Meanwhile, the National Unity Government has unofficially extended the term of office of Dr Moshe Mandelblat, Governor of the Bank of Israel, until the end of May to permit him to present the central bank's annual report on the state of the economy. Dr Mandelblat's head was also called for by the Beitjky Commission.

Burmese rebels routed

Government forces have over-run Karen rebel headquarters in southern Burma, causing heavy casualties among the guerrillas, including five white foreigners, into Thailand, officials said yesterday, Reuter reports from Rangoon.

Burmese troops, crossing the swift-flowing Salween River and scaling mountains up to 4,000 feet high, caught the 400-strong Karen ethnic minority army by surprise in the jungle stronghold at Hwe-Pon Long in Kayah state.

Sandoz advertisement featuring a logo, the slogan 'A century for a better future', and two tables of financial data: Group Performance 1985 and Group Balance Sheet 1985. The tables show metrics like Sales, Net Profit, Total Assets, and Equity in Swiss Franc millions. Below the tables is a form to request a copy of the 1985 Annual Report, with fields for Name and Address, and contact information for Sandoz Ltd in Basel, Switzerland.

Arabic text at the bottom of the page, likely a continuation of the advertisement or a separate notice.

سوزا من اجل

# The all-new estates by Mercedes-Benz—the elegance of practical engineering.



THE MERCEDES-BENZ T-SERIES

The simplest way to contain space is to construct a box around it.

So it is easy to see how the basic estate car has evolved with all the style of a box van.

By giving the estate function a more intelligent and integrated form, Mercedes-Benz have taken a much more inspired approach than other designs currently seen around the countryside.

The elegant flowing lines of the T-series certainly allow the front and rear to live together in perfect harmony. It is undoubtedly one of the most stylish of Mercedes-Benz.

Yet what is pleasing aesthetically is also pleasing from a practical point of view.

The provision of a divided, folding rear seat and folding front passenger seat allow unusually long and awkward loads to be accommodated.

The load space is smooth-sided and flat-floored for easy loading and unloading.

And there's a larger, high-opening tail gate that glides open on two gas-filled struts, has concealed hinges and an electric motor to pull it safely shut.

In terms of comfort and performance, the T-series behaves with the same impeccable manners as the 200/300E series saloons.

The choice of engines is headed by a sophisticated new six-cylinder unit of 188 bhp giving 0-62 in just 8.8 seconds and a top speed of over 130 mph making this new Mercedes-Benz one of the fastest estate cars on the market.

It could also prove to be one of the more frugal, with a potential 31 mpg.

As well as giving you the legendary Mercedes-Benz roadholding, the rear suspension is also self levelling so you won't ride with your nose in the air when you collect your Chippendale sideboard from the sale rooms.

And as you enjoy the swift and silent drive home you can reflect on the fact that those smooth, flowing lines unbroken by door handles or guttering actually keep the drag to just 0.34.

Surprising how so much space can be propelled so elegantly through the air with hardly a ripple.



**Mercedes-Benz**

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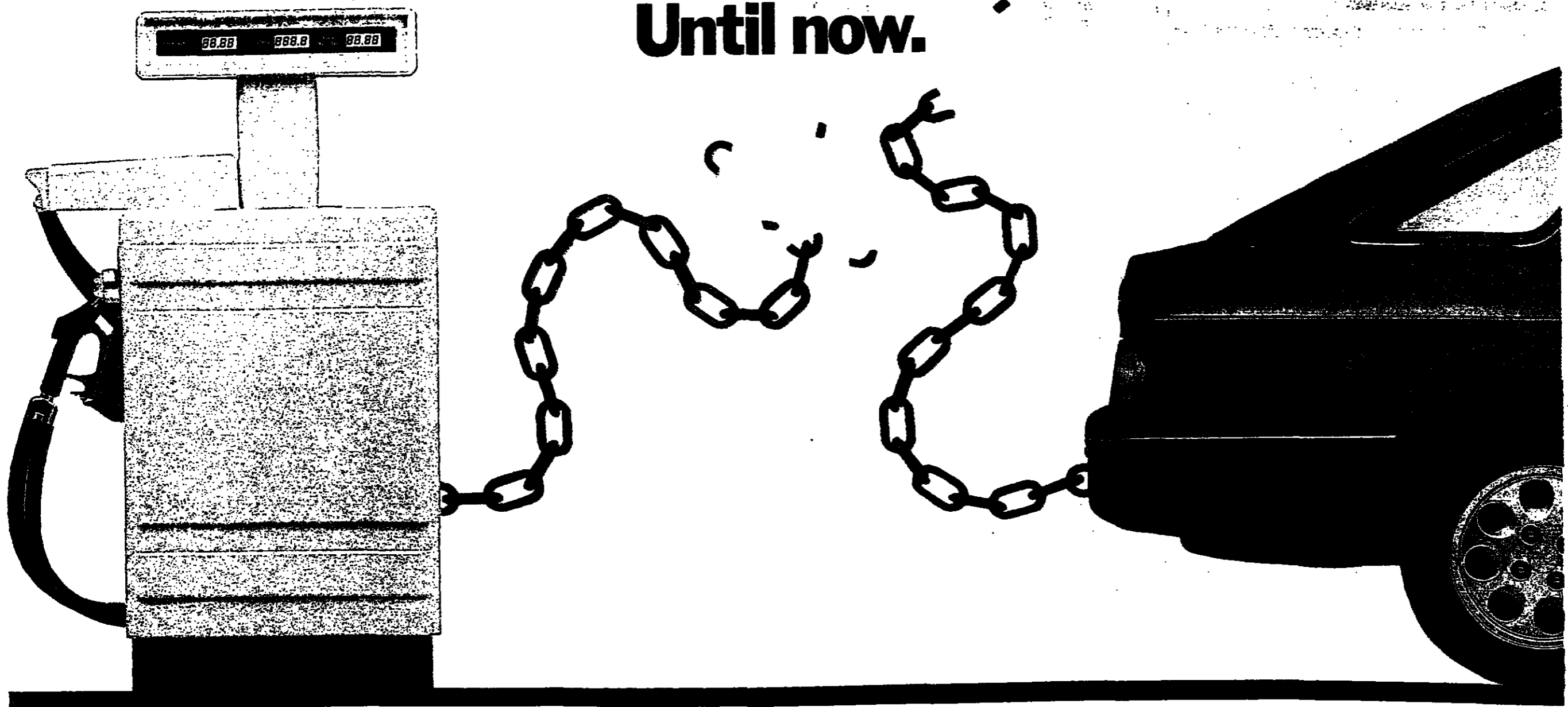
Model	Engine size(cc)	Cylinders	Transmission (standard)	Horsepower (DIN)	Top Speed (mph)	0-100 (sec)
Petrol 200T	1997	4	5-speed man.	109	109	13.6 secs
230TE	2299	4	5-speed man.	136	118	10.9 secs
300TE	2962	6	4-speed auto	188	131	8.8 secs
Diesel 250TD	2497	5	5-speed man.	90	103	17.4 secs



Official Fuel Consumption Figures  
 200T 5-speed manual: Urban 23.2 (22.2), 56mpg 41.5 (6.8), 75mph 33.2 (8.5)  
 230TE 5-speed manual: Urban 23.9 (11.8), 56mpg 42.2 (6.7), 75mph 33.2 (8.5)  
 300TE 4-speed automatic: Urban 20.9 (12.5), 56mpg 31.4 (9.0), 75mph 25.7 (11.0)  
 250TD 5-speed manual: Urban 29.7 (6.5), 56mpg 48.7 (5.8), 75mph 36.2 (7.8)

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Although there have been great advances in car technology, we're still using a petrol that gives a similar performance to one we were using fifteen years ago. But now Shell have developed Formula Shell, a new petrol that has been proved to increase the performance of your car, no matter what you drive. Firstly, it contains a

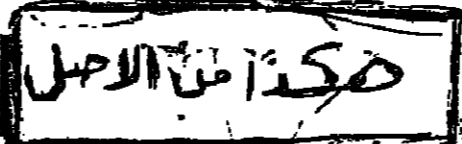


**FORMULA**  
**SHELL**

new ingredient, exclusive to Shell, which provides faster, purer combustion making your car more responsive. Secondly, it contains a cleaning agent which reduces dirt in the important parts of your engine so making it smoother running. Together, these make your car more efficient. From today all petrol is not the same.

**New Formula Shell. It will improve the performance of your car.**

محطة الوقود



WORLD TRADE NEWS

McDonnell Douglas, Boeing plan rivals for new Airbus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE TWO giant US aircraft manufacturers, Boeing and McDonnell Douglas, are planning fierce competition for the projected new advanced technology Airbus...

Extensive discussions on both aircraft are in progress with airlines world-wide, and member-companies of Airbus Industrie, including British Aerospace...

Boeing and McDonnell-Douglas are well aware of the threat that these new Airbus ventures present to their own...

One is the 767-400, a new version of the existing twin-engine medium-range 767, with a stretched fuselage...

To compete with the A-340, Boeing is studying what it calls the Advanced Short Body (ASB) version of the 747...

Pakistan hopes to finalise UK frigates deal soon

BY JOHN ELLIOTT IN ISLAMABAD

THE PAKISTAN Government expects soon to finalise a contract with the UK Government for Vosper Thornycroft to supply three modified Type 21 frigates...

A letter of intent was signed in September 1984 by Pakistan and Vosper for two ships to be delivered from the UK and for one to be built in Karachi...

Islamabad set to narrow current account deficit

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN is succeeding in narrowing its current account deficit. It is facing lower prices in the international market...

Exports in the first 10 months of 1985-86 were \$2.5bn. Imports have declined by 2 per cent from last year because of the high rate of customs duty on a large number of goods...

Poland, Hungary ready for trade talks with EEC

BY DAVID BUCHAN

POLAND and Hungary have accepted the EEC Commission's invitation to open talks on individual trade agreements with the Community...

Mr Vlastislav Sytchov, secretary-general of the Moscow-based Comecon secretariat, in a recent letter to Brussels gave the East bloc's approval to the parallel strategy suggested by the EEC...

Oil price fall 'halts Europe truck recovery'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE COLLAPSE in oil prices has halted a gradual recovery in West European medium and heavy truck production...

When demand in the oil-producing countries recovers, the European manufacturers can no longer be sure of getting most of the available business...

World tourism grows by 4%

BY JOHN WICKS IN ZURICH

WORLD tourism grew by 4 per cent last year and another good year is expected in 1986, according to the World Tourism Organisation...

The organisation reckons that income from tourism also went up by about 4 per cent worldwide last year, though it adds that this was due largely to the level of the US dollar...

At the same time, the Organisation for Economic Co-operation and Development has issued provisional figures pointing to an overall growth in border-crossing tourism...

good reason to believe that the "natural" level for the oil-rich markets is about 50,000 medium and heavy trucks a year.

The downturn in Opec demand means that this year few European truck manufacturers can aspire to do better than hold 1985 production volumes.

Next year, however, the situation will improve because exports have no further contraction to make and better demand in Europe will make itself felt.

As a result, European production of trucks over 6 tonnes gross weight is forecast to go up from around 296,000 this year to 302,500 in 1987...

up from around 296,000 this year to 302,500 in 1987 and reach 325,900 in 1990, still well below the peak of 420,000 in 1980.

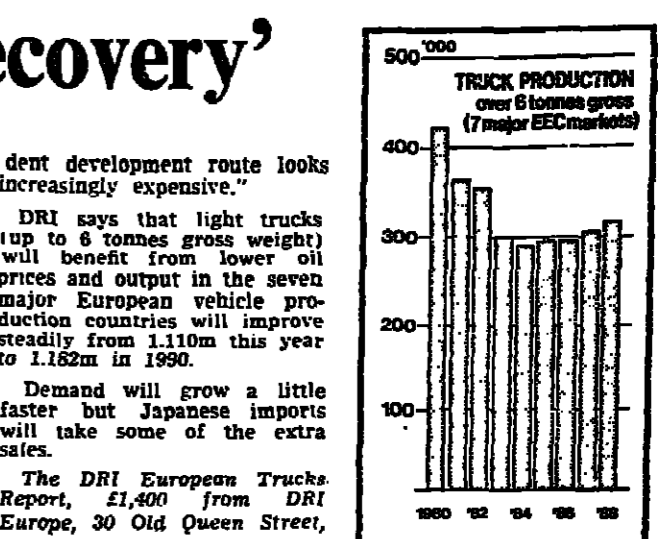
Restructuring is still to come within the European truck manufacturing industry, DRI suggests. Merger talks between General Motors-Bedford and Leyland Trucks, the BL subsidiary, were unsuccessful but "having opened new possibilities, a return to the previous status quo is not so easy to achieve."

"Management and owners will be looking for ways to repair the strategic weaknesses of their companies. An independent development route looks increasingly expensive."

DRI says that light trucks (up to 6 tonnes gross weight) will benefit from lower oil prices and output in the seven major European vehicle production countries will improve steadily from 1.110m this year to 1.162m in 1990.

Demand will grow a little faster but Japanese imports will take some of the extra sales.

The DRI European Trucks Report, £1,400 from DRI Europe, 30 Old Queen Street, London SW1H 9HP.



GM, Suzuki near Canada pact

BY BERNARD SIMON IN TORONTO

GENERAL MOTORS and Suzuki Motor Company of Japan are close to agreement on a joint venture to build Canada's largest car assembly plant in the province of Ontario.

A senior GM official said that negotiations on the CS600m (£315m) facility are at an advanced stage and the pieces of the puzzle are coming together nicely.

No site has yet been chosen. The plant, which will include both assembly and stamping facilities, is expected to turn out 200,000 GM Chevrolet Sprint cars a year by 1989 for both the US and Canadian markets.

Canadian markets, making use of provisions of the 1985 US-Canada automotive trade pact, which has already enabled North American vehicle makers to integrate operations on both sides of the border.

The GM official said that imports of Suzuki cars to Canada during construction of the plant is a stumbling block in discussions with the Government.

GM's imports of Japanese-assembled models are constrained by an agreement restricting Japanese car-makers to a share of about 18 per cent of the Canadian market.

INSIGHT INTO CORPORATE STRATEGY

NIPPON GAKKI (YAMAHA): Progress to Note To

Nippon Gakki (known abroad as Yamaha) was established in 1887, making it one of Japan's oldest business concerns. Yamaha has been producing quality musical instruments ever since the company's initial reed organ made its debut in the market...

Yamaha has also diversified into several non-musical fields such as custom LSIs, video disc players, household products, metal products and leisure facilities. All this resulted in total sales of \$375 billion and recurring profits of \$14 billion for the first 11 months of fiscal 1985...



Mr. Hiroshi Kawakami, President, Nippon Gakki Co., Ltd.

By Glenn Davis

Teaching The World

Davis: I believe your company has a large stake in teaching music in Japan and around the world. Could you explain the Yamaha system?

Kawakami: Well, let me start by saying that Yamaha is the world's largest integrated maker of musical instruments. Our three main pillars include production, the spreading of music and recreation...

Not counting the persons attending private schools in these countries, I would venture to say that not a lot of money is spent on education. Their attitude is that the state should be responsible for providing such training. They basically cannot understand our approach since Yamaha schools give music lessons on a non-profit basis...

Japanese parents are very keen to have their offspring learn music and some 10 per cent of all these very young children belong to Yamaha schools. Japanese students of all types run into music lessons sooner or later...

Digital Sounds Of Music

Davis: Yamaha has sold a remarkable number of digital instruments, particularly synthesizers. What is your best-selling model and why?

Kawakami: Research on digital synthesizers reached the critical stage about 13 years ago under my direct leadership. I think we can say that we are bearing the fruit of that research now with the booming sales of the DX-7 unit...

Davis: Would you say that foreigners are more difficult to teach than Japanese? Kawakami: In America, for example, the biggest difference is the approach to teaching the actual lesson. They are very individualistic and hate to be viewed as being like any other person in the group...

essence of local systems in the countries in which we teach in order to produce a hybrid teaching method. This, in turn, will help spread the Yamaha music system.

Davis: Speaking of the piano, about one out of every six Japanese homes contains one and that amazes me because of the small size of Japanese houses. Can you explain?

Kawakami: This is not a high dispersion rate, particularly. The rate is much higher in the United States and there are countries in Europe where it approaches 20 per cent. You must also understand that Japan is now the world's largest market for musical instruments at \$500 billion, a little larger than the American equivalent. It is true that Japanese homes are smaller but the family's desire to have music taught to their children outweighs physical space restrictions...

Davis: What sort of progress is your company making in the leisure field? How are you designing products for the younger generation that are more recreation-oriented than their parents?

Kawakami: As the present generation changes and baby boomers come of age, there will be an increasing need for sports and leisure products, as you pointed out. We are already turning out a whole line of sporting goods and have constructed several sports parks in Japan, such as the Tsunagori Leisure Land we built 12 years ago. At present, we have no plans to construct such facilities overseas but we do plan to continue coming out with new lines of leisure products for youth.

Appreciating Yen

Davis: About one-third of your exports go to America and another third to Europe. How has the rapidly rising yen been affecting these exports?

Kawakami: The high value of the yen is naturally causing our exports to fall and this is eating into our turnover and profits. We have

already raised our export prices twice but another increase will be necessary, it seems. A sudden jump in export price would be out of the question but instead we must regulate increments each time. Our second step is to lower costs as much as we possibly can through fat-trimming measures. A higher yen helps in that import prices are lowered. The third measure is to take inner-company steps to tighten up management practices. Finally, we have to come on the market with even better products and if we have about one more year to do this, I believe we can beat this problem of the rising yen.

Davis: I believe that you have some tie-ups with a British company. Can you explain the details?

Kawakami: Yes, that's right. We have joint ventures ongoing with YAMAHA-Kemble (U.K.) Ltd. for the sale of YAMAHA brand musical instruments and YAMAHA-Electronics (U.K.) Ltd. for the sale of audio products. We have been producing pianos with Kemble in the British market for 18 months and this year we also began to participate in the form of direct investment. The cabinet is made in Britain while the internal parts are supplied from Japan. The plan is for us to sell these pianos in the British market as well as re-export some to the European mainland.

Davis: Finally, I would like to ask if you have any personal brand of management that you prefer when leading Yamaha?

Kawakami: Before I go into that, I would like to explain that we are still not widely known as "Nippon Gakki" even in Japan and especially outside the country. Therefore, we would like to study ways to directly link the company name Nippon Gakki to the Yamaha brand name. My grandfather propounded three major principles: think creatively, ruffle no one's feathers and make a contribution to society. My father, Mr. Gen'ichi Kawakami (chairman) is very individualistic and it could be said that he built Yamaha into a world-class company single-handedly. I was appointed president in 1983, but I don't dare try to rule the company in a top-down fashion the way he did. My father is still the chairman of this company as well as serving as the president of the Yamaha Music Foundation, a non-profit organisation. He made the decision in the early 50's to start diversification and to change the direction of the company toward piano production.

Both those men had strong ideologies but I believe my mission lies in the internationalisation of the company. It is my strongest desire to make Yamaha products known around the world for their high quality and to make the company known as a global concern.



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May 25, 1988  
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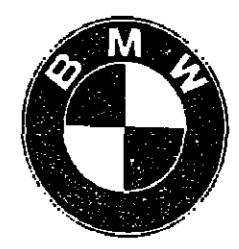
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out-accelerates monotony. It is powered by a 3.5-litre, six-cylinder from the company that builds Formula One engines, monitored and controlled by Digital Motor Electronics. For sporting high performance in perfect harmony with the refinement so typical of a BMW. A skilful blend of superb handling and active safety. German engineering combined with

innovative technology, for instance an antilock braking system (ABS) as standard equipment. A masterly technical achievement, clad in bodywork of lasting elegance. Unsurpassed dynamic potential, subtly suggested by the restrained 'Shadow' visual features: black window surrounds and side rubbing strips, body-colour door mirrors and bumpers.

The alternative for the individualist. When you get to know the BMW 535i 'Shadow', you will be fascinated in a way that words can scarcely express. The BMW 535i 'Shadow' - bring back the adventure: treat yourself to a test drive.



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The serial numbers of the Notes drawn for redemption are as follows:-

Can \$1,000

Table listing serial numbers for Can \$1,000 notes. Columns contain numbers from 6 to 166.

Can \$10,000

Table listing serial numbers for Can \$10,000 notes. Columns contain numbers from 207 to 2816.

On 20th June, 1986 the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 27th November, 1985 to 20th June, 1986 amounting to Can \$69.78 per Can \$1,000 Note and Can \$697.81 per Can \$10,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue.

Payment of the Notes to be redeemed will be made on or after 20th June, 1986 upon presentation and surrender of the said Notes with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned herein.

The Toronto-Dominion Bank, London PRINCIPAL PAYING AGENT 20th May, 1986

UK NEWS

FINANCIAL TIMES/CBI SURVEY OF DISTRIBUTIVE TRADES

Retailers predict spending upturn

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITISH RETAILERS are optimistic about an increase in consumer spending in shops this month after disappointing sales in March and April, the latest Financial Times/Confederation of British Industry (CBI) survey of the distributive trades says today.

Mr John Salisse, chairman of the survey panel, said yesterday: "Although sales volumes in April remained higher than a year ago, they were not as good as retailers had expected. Shopkeepers still report sales as relatively poor for the time of year, perhaps because of the continuing effect of the poor weather, but some improvement in sales is expected in May."

The survey results are significantly out of line with the official government figures for retail sales, which reached record levels in

with higher sales, thus giving a balance of plus 22 per cent.

For May, 54 per cent of the retailers expected sales to increase, with only 9 per cent expecting them to fall, giving a balance of plus 45 per cent. This compares with an expected balance of plus 42 per cent for April this year while in May last year a balance of plus 50 per cent of retailers expected sales to increase.

"Off-licences and shops selling durable household goods such as cookers, freezers and audio equipment enjoyed the best business in April," said Mr Salisse. "But footwear and leather shops said sales were poor for the time of year and reported sales volumes lower than a year ago for the third month in a row."

Retailers also reported a high level of stocks in relation to expected sales, reflecting the slower than expected sales growth of recent months.

Growth in wholesalers' sales volumes was better than expected in April after disappointing sales in March. Sales, however, were still regarded as relatively low for the time of year.

Electrical goods wholesalers and builders merchants reported the best growth in sales in April while farm machinery dealers once again reported sales volumes below 1985 levels.

In May, some 55 per cent of wholesalers expect higher sales compared with 15 per cent expecting a fall - thus giving a balance of plus 40 per cent. This compares with the reported balance of plus 42 per cent for April.

Harveys launches drink sales drive in Spain

BY LISA WOOD

A DRIVE for sales is to be made in Spain by Harveys of Bristol, the Allied Lyons sherry and port subsidiary, which last year bought two sherry and port companies that belonged to the Rumasa group.

Mr David Beatty, managing director of Harveys, said: "My brief is to build a major alcohol business in Spain where we have acquired brands other than sherry."

Last June, Harveys, with substantial sherry interests in Jerez, bought two companies, Terry and Palomino y Vergara, which as part of the Rumasa group had been acquired by the Spanish Government in 1983.

The purchase meant Harveys, whose best-known brand is its Bristol Cream sherry, became the major shipper of sherry. Other competitors include Garvey, Sandeman, Gonzalez Byass and Domecq, which is 16 per cent owned by Hiram Walker whose wine and spirits businesses Allied is seeking to purchase.

Mr Beatty said there had been two principal reasons for the Terry and Palomino acquisitions. The first was to buy maturing stocks of sherry so that Harveys no longer had to buy cask sherry on the open market. Under local industry regulations, no shipper of sherry can

ship more than 29 per cent of its cask stocks in any one year. The acquisitions took Harveys's stocks of sherry from 40,000 butts to 105,000.

"We also felt that with Spain joining the EEC we should become involved in its liquor business," said Mr Beatty. The Terry acquisition brought Harveys other drinks brands such as 1900 and Centenario, two brands which command around one fifth of the large Spanish market for brandy. Other brands bought in the deal included a gin and a punch.

Mr Beatty said Harveys, which was introducing other Allied Lyons products into its Spanish portfolio, was also looking to acquire further brands in Spain. The only other overseas business owned by Harveys is Cockburn, the port producer, in Portugal.

The move into the national brand market in Spain comes at a time of difficulty in international markets for sherry. Sales in the UK, where Harveys has a 25 per cent market share, have dropped by around 11 per cent since 1980. Markets which are growing include the Netherlands and West Germany where Harveys, with a much smaller market share than in the UK, is allocating considerable marketing resources.

Code of practice aims to curb late payments

BY WILLIAM DAWKINS

THE DEPARTMENT of Employment yesterday launched its long-awaited code of practice designed to exert moral pressure on large corporate buyers to pay small business suppliers promptly.

The code, formulated by Mr David Trippier, the minister responsible for small businesses, and by four industrial organisations, is contained in a booklet, Payment on Time.

Mr Trippier said that legislation to enforce timely trade payments to small businesses would be considered if the code failed to make any impact after two or three years.

"I find it disgraceful that multi-million pound companies improve their liquidity by squeezing the cash flow of small suppliers," he said. "Purchasers need to recognise that it is not in their best long-term interests to weaken suppliers by delaying payment of bills, either deliberately or through inefficiency."

The code, which comes out shortly before the publication of a Department of Employment White Paper (policy statement) on how to reduce administrative burdens on business, was greeted with enthusiasm by large industrial lobby groups. Some small business lobbyists, however, expressed scepticism over whether the code would make any difference to overdue trade debts, an increasingly severe problem for small traders.

Mr Trippier said: "The worst offenders are large firms who do not honour the terms of the contract and know that small firms cannot take them to law... But some people in the small firms' sector should also get their acts together and state right from the start what their terms of payment are."

The minister maintained that he had deliberately avoided giving the code any statutory backing because it was not the Government's business to interfere too closely in private contractual relationships.

The booklet is to be distributed to government departments, local authority offices and local enterprise agencies - private sector-backed support groups for small businesses - as well as to banks and accountants. It will also go to all members of the four industrial organisations involved in its compilation, the Confederation of British Industry (CBI), the Institute of Directors, the Institute of Purchasing and Supply and the Association of British Chambers of Commerce.

Payment on Time, free from Department of Employment Small Firms Centres.

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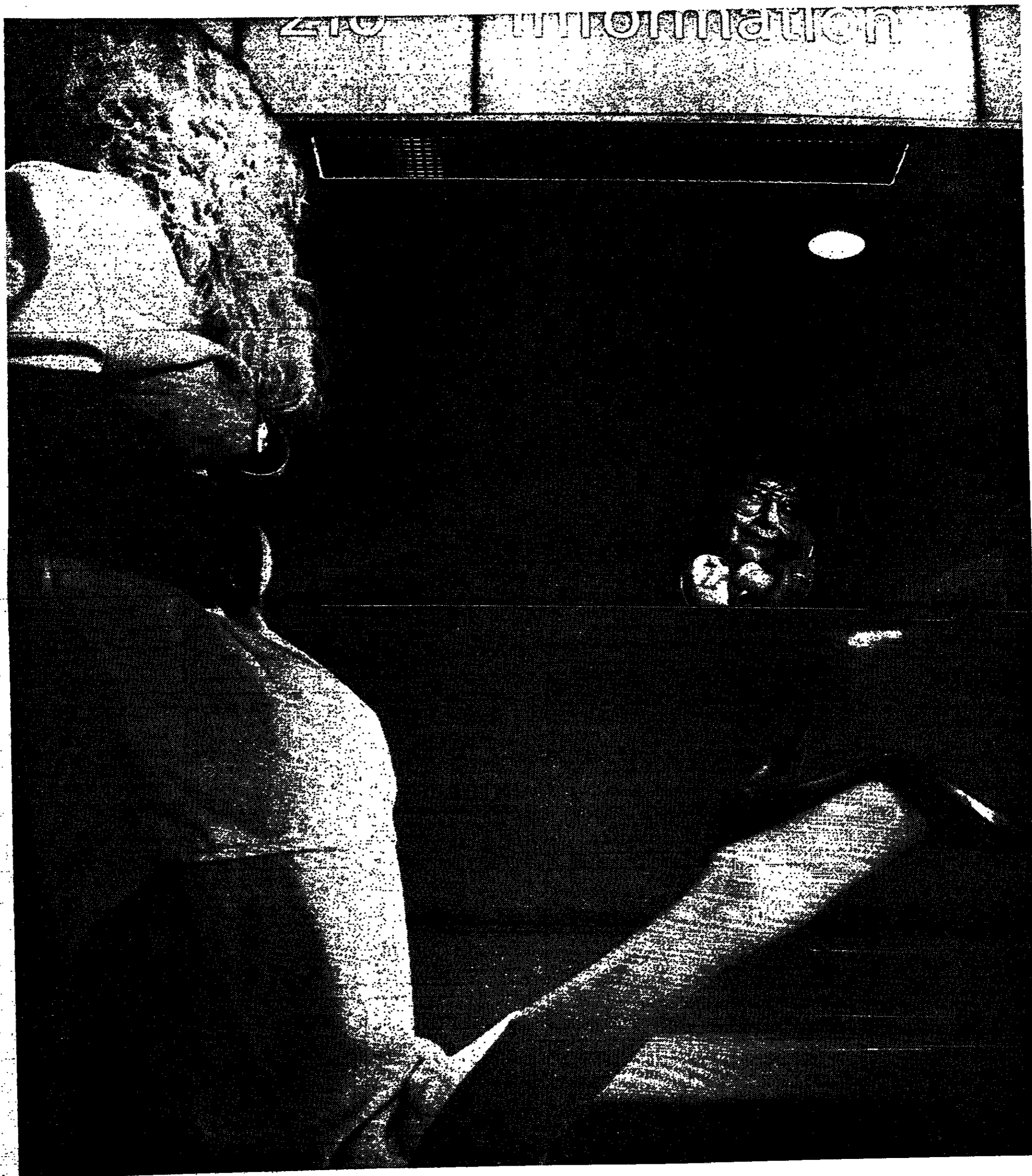


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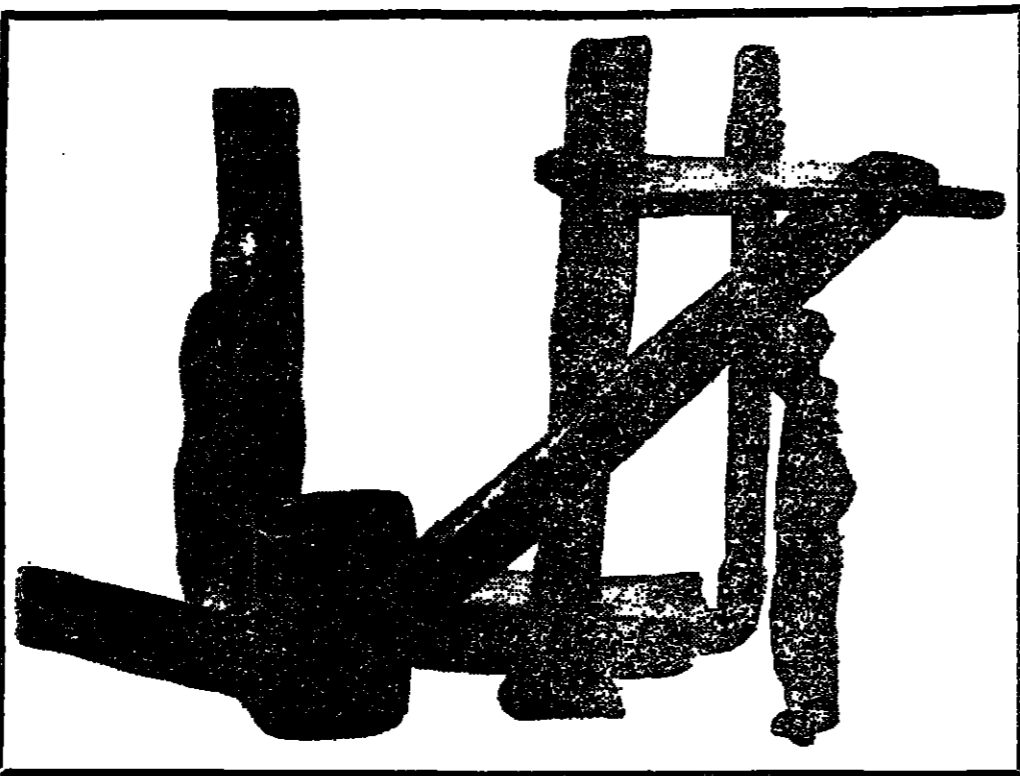
THE ARTS

London galleries/William Packer

Factory as art, workbench as stage

Opportunities, like reputations, seem often to come and go more or less arbitrarily, the creatures quite as much of the shifts and chances of critical fashion, or even of sheer luck...

Indeed, if the supposed revival which figurative painting and sculpture have enjoyed in recent years has been with it a more sympathetic critical response...



Glass Works No. 1, 1984, by Ghisha Koenig, on display at the Serpentine Gallery

formal wit. A superficial socialist gloss may be put on them readily enough, with a feminist reading...

drills and presses and gullionets. The vocabulary of forms and images she has developed for their description is entirely personal and admirably effective...

on the wall, were that possible, might have been to set them free. A mass of the drawings from which Miss Koenig has always worked...

A Night of Passion on Buttermoor Drive/Chester

Martin Hoyle

It takes all the playgoer's dedication to visit Chester's Gateway Theatre. After the best part of an unscheduled and unexplained four hours on British Rail...

has it, to a step up as a TV presenter, and is obsessed with David's seasonal listlessness. Act 2 turns serious when David and Rowena battle over the black activist for whom she has ruined her life...

bourhood, who nevertheless casually gardens in the nude. Beware the oracular primitive. Beware the oracular primitive.

Young England/Adelphi

Martin Hoyle

The octogenarian Walter Reynolds had an unexpected success with his melodramatic Boy-Scout values triumphing over the decline of modern morality. The 1934 audience took it hilariously to its bosom.

by Miriam Karlin's Irish policeman. A sense of occasion was generated which the subsequent good-natured proceedings somewhat failed to live up to—at least by the time deadlines forced me to leave after 3½ hours.

Après 'L'Après-midi'/Elizabeth Hall

Dominic Gill

The Philharmonia played the last of its 'Après-midi' series. The first act resembles a colourless Hamlet, but the second act, 'Après-midi d'un jeune' under Simon Rattle at the Festival Hall last night...

such debt attention to detail, that one was tempted to rank it higher. With Peter Donohoe as the solo pianist, the performance was a good, serious, lively performance...

Ravel's nursery music is far lush and more sensuous, less jokey than Debussy's—and in that sense *Ma mère l'Oye* is not nursery music at all, any more than the finest children's opera ever composed, his *L'enfant et les sortilèges*...

Don Menza/Bull's Head, SW13

Kevin Henriques

Tenor-sax Don Menza is the latest intriguing choice of American jazzmen brought over especially for a season by over-enthusiastic Bull's Head landlord, Dan Fleming. Menza, for many years Los Angeles based, is an impressive musician.

atmospheric evening, he was joined by another tenorist, Dick Morrissey, whose prolonged dalliances in the funk/fusion world have caused him to be unjustly forgotten when considering the best of British tenorists.

sure of that. If Morrissey showed off his blundering, Menza offered his harmonic knowledge. Altogether it was an engaging meeting, not a battle for friendliness exuded from both tenorists, who were supported with appropriate force and verve by the Tony Lee trio.

Freda Pitt

Ringling the changes at Paris Opéra

After giving two nineteenth-century classics between October and December, the Paris Opéra Ballet has since presented exclusively twentieth-century works, mostly in contemporary idiom...

York underwent an alarming series of changes. Few, I imagine, will have shed tears over the cancellation of Nils Christie's *Daphnis and Chloé*, but the fact remains regrettable...

and a revival of Serge Lifor's *Les Mirages*. Rudolf Nureyev is no doubt fulfilling a duty to his host country by presenting on the one hand works by Béjart and on the other hand novelties by young French choreographers.

from there. However, the violent colours of Robert Platte's set clash badly with the dark crimson of the background curtain. Greeted with noisy hostility on the first night, the ballet received polite applause on May 10.

Toronto Symphony's grand tour

Between its concert at the Usher Hall in Edinburgh on August 26 and its farewell to Europe at the Salle Pleyel, Paris, on September 19, the Toronto Symphony will be the first Canadian orchestra to play at the Edinburgh Festival, the Promenade Concerts and in Sweden, Denmark and Finland.

ing Ireland, West Germany, Holland and Belgium, for the Flander Festival. The two concerts at the Edinburgh Festival will include Ivo Pogorelich as soloist in the opening programme, besides the Stravinsky double bill of *Oedipus Rex* and *The Soldier's Tale*...

Florence Clerc and Cyril Atanasoff may be considered the definitive couple in the central roles of Lifor's 'feerie chorégraphique.' Atanasoff was giving his farewell performance at the Young Man; his retirement will be deeply regretted, for even now that he is no longer an outstanding virtuoso, he is still no mean dancer, and above all he has a strong, manly presence and exceptional power to communicate with his audience by means of unusually expressive features.

Some of the youngest dancers taking part in the Bagouet and Lifor works had appeared in last year's annual performance by the Paris Opéra's superb school. Two of the boys who danced in that memorable *Pile mal gardée* have since been assigned solo roles, while sparkling Alexandra Gonin still awaits her opportunity.

Advertisement for Financial Times, featuring the headline 'Read the FT in New York... before Europe wakes up.' and a cartoon illustration of a man reading a newspaper.

Arts Guide for May 16-22, listing various theatrical performances across different cities including Paris, Rome, Madrid, Valencia, Vienna, New York, and Amsterdam.

Advertisement for Tom Robinson/Duke of York's, featuring the headline 'Tom Robinson/Duke of York's' and 'Antony Thorncroft'.

# SPINETTA MARENGO.

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### MONTEFLUOS STAKES \$ 60 MILLION IN FLUROCHEMICALS.

As from today, the action for fluorochemical specialties is at Spinetta Marengo - just an hour's drive from Milan's Linate Airport. Here Montefluos has built a new chemical complex to satisfy world demand. From here it plans to meet the requirements of electronics, automotive, aerospace, telecom, nuclear and related fast-moving industries.

Montefluos' current successes in the fluorochemical field have led the company to invest over \$ 60 million in this new venture.

It is a question of thinking big, building for the future and using all of the company's human and technical resources.

It was the same resources that made and maintained Montefluos a world leader in this field. From now on such brands as Fomblin, Tecnoflon and Algoflon will be produced at Spinetta Marengo.

This large and fully integrated complex has been designed around highly sophisticated proprietary technologies to provide maximum flexibility.

Spinetta Marengo is the biggest and most up-to-date European fluorochemical production centre and is fully equipped to meet all of the needs of end-users worldwide.

### NEW TECHNOLOGIES, NEW ALGOFLON IMPROVEMENT.

A new Algoflon production unit comes on stream shortly having an initial capacity of over 4.000 tonnes p. a.

In addition to existing products, the new unit will supply new types of PTFE (including coagulated Algoflon DFC powders for the production of cable sheaths and piping, aqueous dispersions, filled powders and thermo-processable fluoroplastomers). The new Algoflon range is an end-user's dream: more extensive applications, higher productivity, lower processing costs giving equal or better quality end-products.

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Tecnoflon is already a highly successful fluoroelastomer and has an even more exciting future.

The new Tecnoflon production facility will come on stream with an initial capacity of 2.000 tonnes p. a.

It is a complete cycle facility ranging from polymerization to finishing with the built-in option of multiple production runs.

In addition to producing established products with an ever widening range, emphasis will be placed on new peroxide curable types. Flowability, speed of cure, easy mould release, low compression set and improved thermal and chemical resistance, these are the property combinations which have made Tecnoflon such a success today and which will be developed further in response to continuous industry feedback.

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Fomblin: a perfluorinated fluid having outstanding properties matching the increasingly sophisticated needs of advanced technologies in industries such as electronics, aerospace and nuclear.

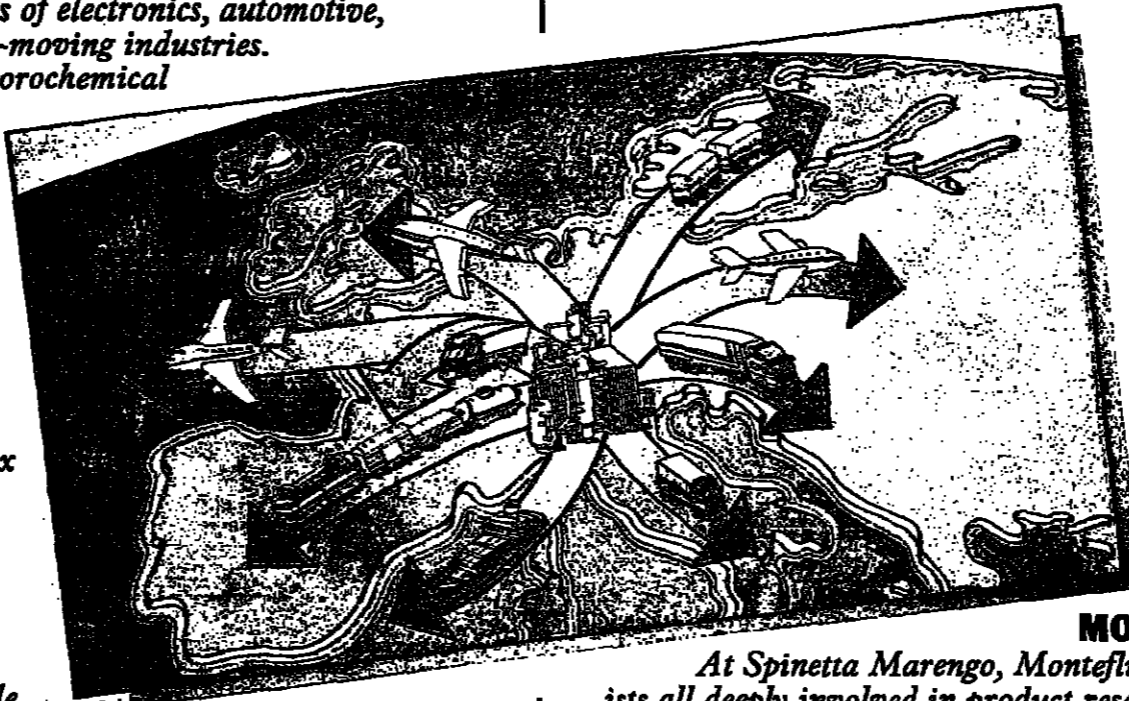
Fomblin is a leading product in the technologically advanced economies of the US, Japan and Western Europe.

This product was specifically created to exceed the tight specifications of end-users. Thanks to its new production facility, Montefluos can now meet the ever-increasing demands both in quantities and new types. The Spinetta Marengo facility, in conjunction with the established fluoropolymer plants, including the new production unit at Chiba (Tokyo), will serve the global market.

### PRODUCT RESEARCH AT MONTEFLUOS - A UNIQUE APPROACH.

At Spinetta Marengo, Montefluos has concentrated a team of 400 specialists all deeply involved in product research and applications. The team is equipped with the most modern and sophisticated systems for analysis, polymerization and simulation of even the most severe end-use conditions. Montefluos teams have one objective in view: to improve performance and cost-effectiveness.

Spinetta Marengo, Alessandria, Italy, is where all the new action is as far as fluoropolymers are concerned. And from there, reaching out worldwide. The message is that if you are using or planning to use fluoropolymers, the name is Montefluos and the place is Spinetta Marengo. The Fluoropolymer Valley.



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COMPUTER INDUSTRY

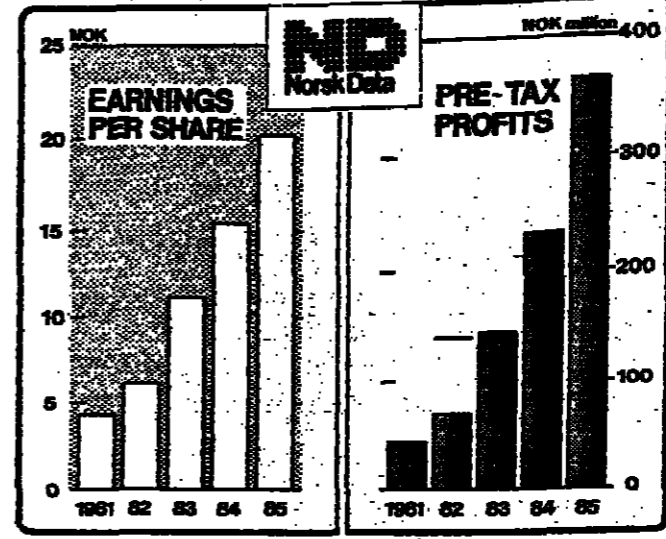
Terry Povey on how the Norwegian minicomputer group is challenging its rivals  
**Norsk Data discovers the key to growth**

NORSK DATA has emerged as Europe's main rival to the American majors in the important minicomputer market and is now challenging for a place among the leaders of the industry's second tier in Europe.

Norway may seem an unlikely birth place for an international computer success story. But Norsk Data combines a workmanlike approach to technology with a keen nose for finance; it has successfully made the transition from being boomer-oriented to being market-centred. In addition, there is a distinctive "group culture," with plants more like university campuses in atmosphere than manufacturing centres. However, as the staff are major shareholders, the appreciation that it is results which count is not lost.



Rolf Skar: opening the doors for sales by challenging the "Big Guys."



Like the rest of the computer industry, the minicomputer market has had its troubles in recent years. The US companies—Digital, Data General, Gould, Prime, Tandem, and Wang—which dominate the computer world's second division, all had a lean 1984-85. But Norsk Data's profits were up 55 per cent to Nkr 330m—the fifth year in succession for this rate of profits growth. In five years' turnover has almost quadrupled to Nkr 1.9bn (\$424m) and the growing maintenance and software element, now 25 per cent of the total, is testament to the resilience of the installed base.

So how has Norsk Data managed to keep piling growth upon growth? The minicomputer is primarily an industrial workhorse, processing data or controlling systems. Norsk Data has established an important niche in this market by offering machines and operating systems designed to do just this kind of work. As there are few falls detracting from the central purposes of high quality and efficient number crunching, so the customer gets more speed and greater capacity for these tasks.

Such technological single-mindedness has enabled the group's sales effort to be unflinchingly dedicated to certain markets. Hence Norsk Data has never entertained the ambition to become an all-purpose computer manufacturer.

A typical sale is a £75,000 (\$115,000) order to a medium-sized company or the local office of a state organisation or large company. Norsk Data's systems range from £15,000 to £500,000 in price and if the mind range lacks the glamour

of mainframes costing several million apiece, they fit the bill of many customers keen on linking up computers so as to get more out of what they have.

The breakthrough for the group's products came in 1972. CERN, the European nuclear research centre, had received 80 tenders—one of them from ND—for computers to analyse results from its new particle accelerator, altogether a massive Nkr 3bn project.

Much to the chagrin of some of the longer established contenders for the contract, CERN took a risk and decided to buy from the Norwegian group on the basis of a sketch of a system in which many users would be able to carry out different operations at the same time.

By the end of 1976, Norsk Data had 50 computers operating at CERN.

"This was how the Norsk Data adventure really began," says Mr Rolf Skar, one of the founders and now president and chief executive. "We had challenged the big guys and now the doors to the world market opened up."

The next big step came in 1977 when Norsk Data cheekily tendered, on the majors' home ground in the US, for a big slice of the contract for the F-16 fighter plane training simulators. It won. Over the years, this has become a series of contracts worth some Nkr 1bn.

But many a bright idea in the computer business has foundered on a lack of appreciation of financial imperatives. When Norsk Data was set up shortly after the first commercial range of minicomputers was marketed by Digital of the US

in the mid-1960s, only \$5,000 of borrowed capital was involved.

A listing on the Oslo Stock Exchange in 1975 provided no answer to the group's needs. By 1981 Norsk Data's need to raise funds had become critical to future growth. So the group turned to the London Stock Exchange.

Mr Pascal de Salaberry of fund managers Ivory and Skane remembers meeting Mr Skar and the Norsk Data team during their first visit to the UK. "In 15 to 20 years of meeting companies, Norsk Data are one of the few I remember most favourably. Few management teams really think of the questions they are likely to be asked, but Norsk Data had gone a step further and asked themselves the key questions. If other computer companies, in Europe and the US, had done the same, we would not have had so many torpedoes in the past few years."

The success in London, which was followed up by a flotation of ADRs in New York, is clearly attributable to Norsk Data's ability to get its message over. This in turn has to be linked with the mid-1970s switch of management attention to marketing and away from engineering.

At this time, while the framework for expansion was in place—the company had produced its basic products plus the operating system to hold them together—profits were poor. The group was still being run by engineers, and paid little attention or salary to the salesmen. "We fired marketing directors as fast as they came in," recalls Mr Skar.

After a major rethink, Mr Skar and some of the engineers moved over to a revamped marketing department. It is this switch that has enabled the chief executive to become the head of Norsk Data's team at presentations to institutions.

While Mr Skar is chief executive, decision-making in the group is delegated. The informal managerial approach evident at Norsk Data's Skarhead headquarters near Oslo is one of the group's key features. This "group culture" gives each department the feel of a small village, working hours are not tightly regulated, and the independent units that make up the company are self-managed to a great extent.

Informality, however, has its limits; performance is crucial, given the extraordinarily successful employee share scheme which has resulted in the staff owning over 8 per cent of the group. "All decision makers have most of their personal wealth in the company," according to Mr Skar.

However, sceptics argue that the culture and employee loyalty, plus a good deal of the commercial success, has more to do with the relative isolation of a Norwegian base than with policy issues.

Norsk Data would be the first to admit that it has benefited from the protectionist shield around its home base—just over half total sales are to Norwegian customers.

However, it must put up with the Norwegian Government's insistence that control of Norsk Data remain in local hands—an obstacle to a

company that looks increasingly to the international market for funding and new customers.

Norsk Data sees itself as a European company, with the key issue being its overseas expansion strategy. The group has established some subsidiaries through greenfield projects; others by acquisition, and has entered distribution agreements or set up joint-ventures.

In the UK the choice was a greenfield subsidiary, which now has a £8m turnover through a marketing and software development unit employing 200 people. However, a joint venture with Racal on artificial intelligence research has, by mutual agreement, been abandoned as too costly for both parties. This further underlines Norsk Data's willingness to experiment, though only within strict financial limits.

In France a distribution agreement with Matra (in its own right a major force in the European computer market) has opened up access to that country's closely controlled public sector. In Germany, by contrast, Norsk Data has successfully entered the local industrial market through the acquisition of Dietz, the CAD/CAM computer-aided design and manufacturing specialist.

Norsk Data is currently placed fifth in Europe—just behind Prime, which it expects to pass this year. Activities in the US have been limited to a small number of big contracts (making it the group's most profitable single unit). However, discussions are now at a fairly advanced stage with an unnamed partner "long on marketing, short on products" with a view to a major distribution arrangement.

In the medium-term Norsk Data needs to keep up in the intensifying products race and to master selling in markets in which there is no "boy Norwegian" bias. Much hangs on the successful launch of the early 1987—clearly intended as the group's new standard product.

"For three to five years, Norsk Data has the products to see it through, but very soon it will need to be manufacturing the next generation. In the meantime, it must continue to be cheaper than the US and have products which perform better than the European alternatives," said one analyst.

The 60 per cent rise in R&D expenditure in 1985, to more than 10 per cent of sales income, signals that it recognises the need to keep spending.



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TECHNOLOGY

David Boothroyd looks at Sagem, which is pioneering a new technique for the manufacture of magnetic chips
How the French bubble is being given a memory boost

THE only European manufacturer of magnetic bubble memories...

That will be at least four times the storage capacity that conventional silicon chip memories will have...

The technique, ion implantation, has been used by the semiconductor industry for some time in the production of standard silicon integrated circuits...

SNCF, the French railway system, is using it in a journey recorder, like the black box used in aeroplanes...

Other bubble memory makers such as Hitachi and Fujitsu of Japan and Intel of the US have yet to use the technique...

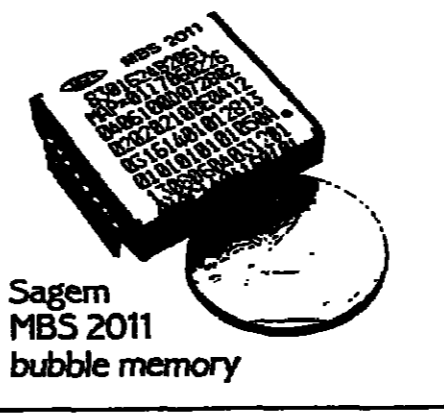
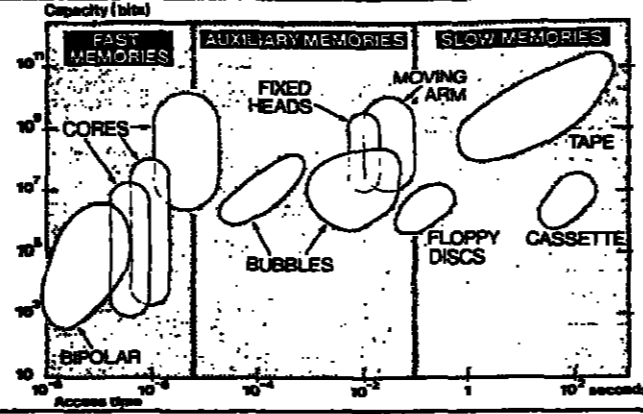
Bubble memory makers form a select band - there are only five, and soon there will be four. When the technology first reached the commercial marketplace in the mid-1970s...

All these have since pulled out, although some, especially Plessey, still sell products that have bubble memories inside them...

Despite this, Sagem claims that by using ion implantation, bubble memories must have a major potential market - at best only a niche - has been smaller than predicted.

"The cost-per-bit will be lower, and we feel that for the market to grow, bubble memories must have a major packing density advantage over other memories, which is why the 16 and 64 megabit devices are so important," says Guy

Types of memories classified by access time capacity



chip itself will not, or at least not to the same extent.

Sagem's one and four megabit memories use a combination of conventional processing and ion implantation...

Even if the bubble memory market does revive as Sagem predicts, it may be that the number of different designs produced will continue to dwindle...

However, if this leads to standardisation throughout the industry it will make bubble memories even more attractive, according to Plessey, which has been a successful user, even though it decided not to manufacture bubble memories itself.

Tom Hall, defence and custom product manager for Plessey in Towcester, says it is probably too late for standardisation to happen with four megabit products. "But for the bubble memory to succeed, we need a standardised 16 megabit device. At the moment every manufacturer makes different devices, which are not plug compatible. That is a headache because it means there are no second sources," he adds.

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COMPUTER INTEGRATED manufacturing, in which high precision turned parts will be produced from raw bar stock without manual intervention...

A TNA 450 two axis turning/milling centre from German-based machine tool company Traub (01-997 4455 in the UK) will be at the heart of the production cell. The new system will select bar stock from magazine racks, saw it, sort and machine the sawn billets and dispatch finished parts on a conveyor...

Shell adds spark to battle at the pumps

BY DOMINIC LAWSON

"FROM today not all petrol is the same." This is the punchline of a \$5m UK advertising campaign unveiled yesterday by Shell and Interoil, coinciding with the launch of Formula Shell, the latest and most expensive in a long line of attempts by one oil company or another to prove it has a petrol unlike any of its competitors.

The new product, however, does not represent a reinvention of gasoline. It is ordinary two-, three- or four-star petrol into which has been injected a new additive. This, Shell claims, will give motorists a smoother, more responsive drive, more miles per gallon and better all-round performance from their cars.

In the jargon of the industry, what Shell is looking for is a "USP" - "Unique Selling Position". It is the oil company's equivalent of alchemist's gold to devise a petrol that is demonstrably better than the opposition's.

The key to Shell's USP is something called a "spark-aider," which helps give the engine a more consistent ignition, improving combustion of the petrol, thus making the car more responsive and driving smoother.

Quality of acceleration, idling and starting, and the time taken to warm up are among the keys to comfortable and efficient motoring. This is in turn linked inextricably to the combustion chamber. The development of the flame within the chamber varies with every cycle of the engine. The larger the variation the worse the engine performance.

The achievement of consistent combustion is linked



to the instant after the spark plug has fired. The flame kernel created by the sparking of the plug must very rapidly reach a certain size to ensure the air/fuel mixture will burn efficiently and even die - commonly known as a misfire. Research at six Shell laboratories worldwide has given a kick to the gasoline flame, making it stronger, more likely to be self-sustaining and hence more consistent. The additive is a

soluble potassium compound. The general effect of this compound was apparently known to Shell scientists as far back as the 1950s. But it is made far less effective by lead, and thus has only come into its own since the beginning of this year when low lead petrol became mandatory in the EEC. The true test of "operation isaprop" - as Shell's development programme was code



named - was "extensive" testing of the product on the roads. These road tests covered 6.5m kilometres, equivalent to driving more than 165 times around the world.

The tests have been approved by the RAC, the British motoring organisation, and the new product has been endorsed by Lotus, the sports car manufacturer. Shell is expecting endorsements from other motor manufacturers.

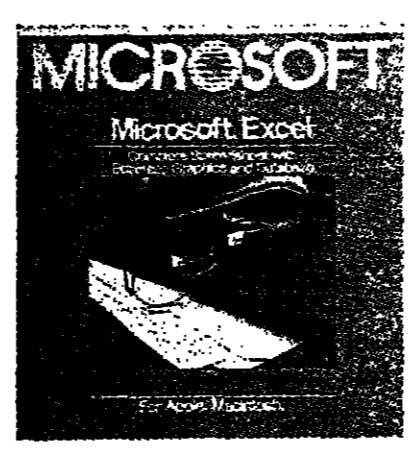
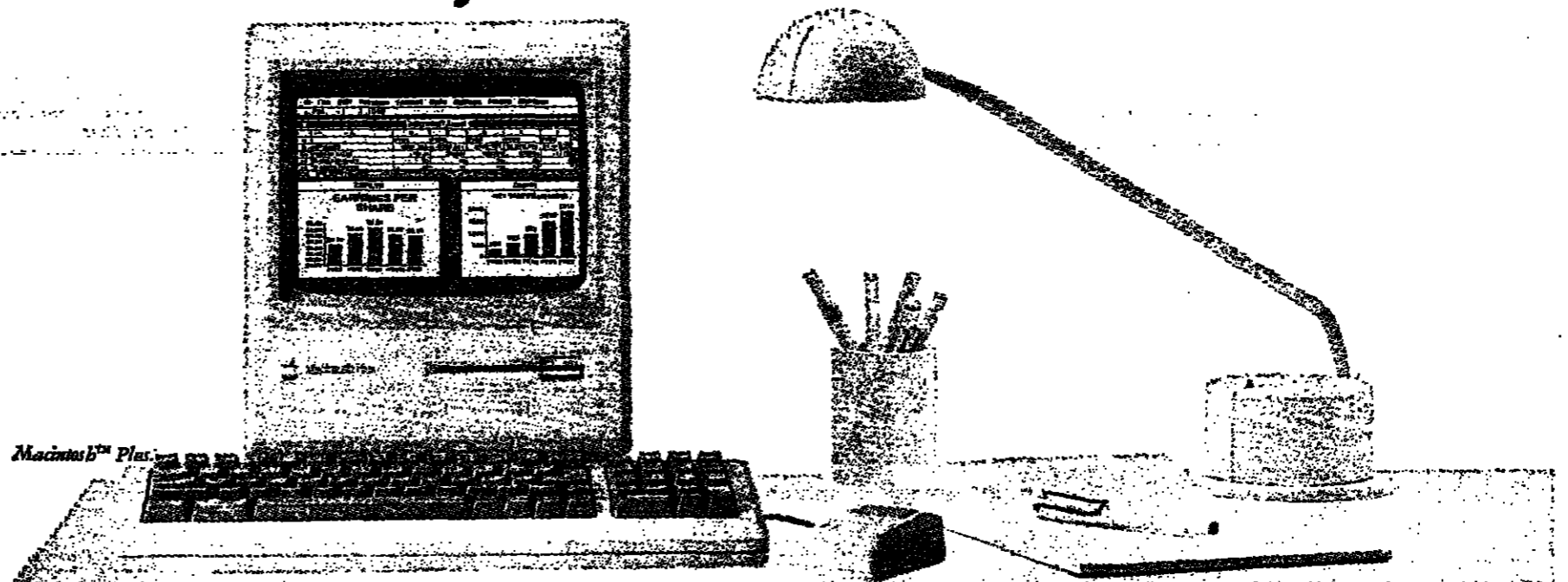
The company also claims that, apart from better "driveability," the petrol with the additive is more fuel efficient. "The used car trial data indicates that after a full 12 months motoring the fuel economy benefit will be about 3 per cent," says Shell.

The other oil majors, however, do not seem very terrified of Shell's new petrol, although all conceded they will have to introduce similar "premium blends" to prevent Shell from gaining an undue competitive advantage.

Says Esso, Shell's main rival, "the bottom line is the left and right feet of the driver. That is what determines smooth driving and fuel efficiency." Although Shell says it has a patent on the additive, this is derided by another of the US oil majors: "Shell may have a patent on the Formula Shell brand, but not on the chemical it uses. It would be like having exclusive rights to gasoline. There is no alchemy involved, and we do not think that Shell will get enough out of it to justify a \$5m advertising spend."

Shell may have found an answer to engine "knocking" but there will never be a panacea against the knocking copy of the competition.

Like most mountains, a mountain of figures can obscure your horizons.



Presenting Microsoft Excel™ If the word "power" could be redefined as any other five-letter word, that word would be Excel. Because Excel is, simply, the largest spreadsheet available for any personal computer.

16,384 rows by 256 columns. 4,194,304 individual cells.

But to only the ultimate power user is this feature, by itself, significant.

What separates Excel is the elegant way that power is put at your disposal. Because it was created with the Macintosh in mind.

Like Macintosh Plus, Excel makes optimum use of one of your most powerful tools. Your intuition. Because it uses the same familiar point-and-click, cut-and-paste technology that has made Macintosh the easiest-to-learn personal computer ever.

Excel lets you work using plain-and-simple written commands. For example, the somewhat cryptic A20 - B10 - C10 becomes the significantly more understandable Profits - Sales - Costs.

Moving around your spreadsheet is just as easy. Want to go to a specific cell? Simply move the mouse to that cell and click. You're now ready for new entries.

Microsoft Excel also allows you to view and compare different spreadsheets in multiple on-screen windows. And you can have as many windows open as you want. You can also break down large, unwieldy problems into small, manageable components through an Excel feature called linking.

Say you've created a series of income stream spreadsheets for different divisions in your company. With a couple of simple point-and-click, you can link them all to a consolidated master income report. From then on, any updates in the division reports will be reflected in the master report. Automatically.

Excel also gives you the ability to transfer documents to and from Lotus 1-2-3. So you can use all of the features that make Excel compatible with you without sacrificing compatibility with others in your office.

It has 85 built-in business functions mathematical, financial, statistical, trigonometric and logical. If that's not enough, you can customize special functions of your own.

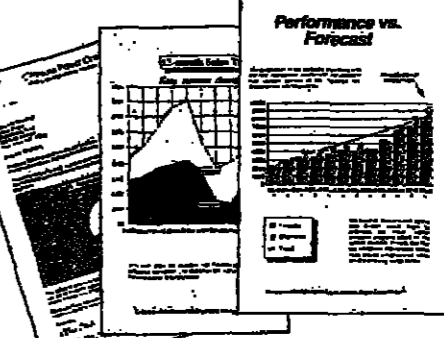
Microsoft Excel also allows you to create what are perhaps the single most important time saving operations unique to personal computing.

They're called macros. Macros automate the long, arduous key sequences that characterize the complexity of today's "what if?" business modeling tasks.

With macros, literally hundreds of instructions can be squeezed into a single keystroke. Then played back over and over again on different business scenarios. But if Excel were just a spreadsheet, it might not be enough to cut your mountain of numbers down to size.

It's also a comprehensive graphics program-one that automatically updates your charts and graphs as you update

your spreadsheets. With over 42 different styles of pie charts, bar graphs, column, area, scatter and line charts. So you can create a picture that's worth more than a thousand words. And it's an extremely capable database. With the ability to simply and quickly organize, file and sort through mountains of information that would have even given Mohammed cause to reconsider his plans.



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So visit your local authorized Apple dealer soon and find out how Macintosh Plus and Microsoft Excel can give you a new point of view about number crunching.

Because, as with all mountains, you can be at the bottom looking up, or the top looking down.

It's just a matter of perspective.



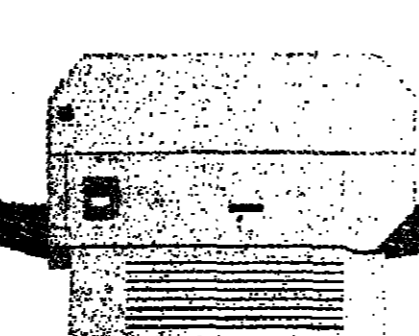
Unless, of course, you're perched firmly on top of it. But, as with all mountains, making it to the top can only be accomplished by taking one thing.

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Canada widens orbit of mobile communications

BY BERNARD SIMON IN TORONTO

TELESAT CANADA, the Canadian satellite agency, is to co-operate with telephone companies and privately owned radio common carriers to develop the world's first satellite based mobile communications system.

The mobile satellite network (MSAT) due to be launched in 1991 will provide portable two-way radio, telephone and data services throughout Canada. The use of a powerful satellite will eliminate the need for the large dish antennae normally associated with satellite communications. The networks will voice and data terminals will probably be no more than 24 inches in diameter so they can be mounted on cars, boats and aeroplanes, and light enough to be carried in a knapsack.

The initial design is expected to accommodate up to 60,000 users, with terminals costing from C\$4,000 to

C\$4,500 each. Users are expected to include police and other emergency services, railways, and mining and oil companies. The system will also bring telephone services to many remote households.

The Canadian government will provide C\$175m for the venture over the next decade. Telesat Canada, owned by the government and Canada's major telephone company, will invest C\$200m in the satellite which is planned to operate as a commercial venture. Foreign and domestic sales are expected to reach C\$3.5m by the end of the century.

The world's second largest country in terms of land mass, Canada has become a leader in satellite communications. Auk, the country's series of communications satellites, currently provides an extensive trunk communications and broadcasting network.



Letters to the Editor

Time for realism in European agriculture

From Mr M. Clough

Sir, Your leader of May 12, "New realism in agriculture," was right on target. The symptoms (protectionism) of the illness (surplus production) have been more than apparent in the increasingly bitter disputes between the European Community and the US over such products as citrus fruits, wine and the Egyptian grain market.

It is perhaps sad to reflect that the Community's aggressive expert reform and restrictive import levy policies largely result from the continued implementation of policy objectives framed at the time of post-war food shortages.

resistance to the necessary reforms.

A complete change of emphasis in the way the CAP's objectives are implemented is urgently needed. The proposals for reform of the CAP put forward by Agriculture Commissioner Andriessen, deserve support so that the jobs and earnings of yet another over-gear European industry no longer needs to be protected.

Japan's missing world role

From Mr R. Wilkinson

Sir—Mr Martin's April 28 (Japan's missing world role) argues that Japan's international political difficulties arising from its chronic excess savings could be at least tempered by a more active financial participation in the international community.

The effects of a pay rise

From Mr C. Beattie QC

Sir—UK pay rises are exceeding the rate of inflation. The reason is that both employers and employees look at the amount of take-home pay which the rise will give to the employee.

Poor Parliamentary drafting

From Mr P. Horsman

Sir—The Government's commitment to, and action in, reforming our tax law has much to commend it. Statute can be overly complex and fiscally ineffective.

Shell shareholders' meeting

From The Company Secretary

"Shell" Transport and Trading—Your report "Anti-apartheid demonstrators forced the suspension of the Shell annual general meeting yesterday" (May 16) has, to our certain knowledge, given the impression that it occurred at the "Shell" Transport and Trading AGM in London.

A national minimum wage

From Mr D. Byrne

Sir—In its response (May 12) to the EETPU's own market-place policies would leave the result in the economy as a whole. They suggest that the tax and benefit system is the best way to help the low paid.

Spirited defence of pure beer

From Mr D. Maccagno

Sir—Herr Martin Seidel (May 14) is to be congratulated for his spirited defence of pure beer; if only other brewing countries would follow suit we would avoid not only the tragic consequences of food adulteration but also the development of healthier people.

A portfolio approach to managing change

From The Chairman, Business Graduates Association

Sir—In "Class structures and the imagination gap" (April 24) Larry Stedertop confirmed the discussion on the rights and wrongs of British management. There was much sound sense in his critical "cultural" analysis. But it is easy to argue endlessly about the causes of Britain's industrial decline; it is a mammoth—and unfortunately still growing—academic industry.



After the teachers' pay deal

A truce for the summer

PERHAPS the most intriguing aspect of the recent negotiations, which supposedly brought peace to schools in England and Wales via a 5.7 per cent teachers' pay deal, was the absentee list.

Among those missing from the Burnham pay negotiating committee were: Mr John Fearman, who has since succeeded Mrs Nicky Harrison as leader of the education authority employers; Mr Fred Smithies, general secretary of the National Association of Schoolmasters/Union of Women Teachers and joint leader of the unions on Burnham; and Mr Doug McAvoy, deputy general secretary of the National Union of Teachers who is poised to stand in for Mr Fred Jarvis, general secretary, when he becomes TUC chairman for a year in September.

Initially, the NUT was excluded from the talks because it refused to support the March settlement and because its members, 48 per cent of unionised teachers, were continuing limited disruptive sanctions in schools with official backing from the union.

long-term talks at Acas is certainly immense and has been heightened further by last week's Audit Commission's report on education, advocating widespread closure and reorganisation of schools, criticising the quality of secondary education and calling for the abolition of Burnham.

For it is by no means certain that the battered and bloodied state education system is out of the wood yet. Far from it. Whoever takes on the Education Secretary's mantle, about to be shrugged off possibly later this week by Sir Keith Joseph, would be well advised to supplement it with a tin hat.

That is not to say that teachers have not done satisfactorily out of two pay settlements in quick succession, giving them today 14.7 per cent more than they had at the beginning of March and increasing the average salary of a classroom teacher from about £9,200 to £10,550.

Quite what "peace and calm" means is a moot point. The NUT's national executive is advising members not to resume lunchtime supervision duty and not to cover for absent colleagues for more than one day, though some local associations look likely to continue refusing any cover. The boycott of preparation for the General Certificate of Secondary Education, the new 16-plus examination, will also go on.

The greatest problem, however, is certain to be the amount of money the Government is prepared to put up to finance any agreement emerging from the talks: the maximum £450m a year offered so far on a salary bill of £4.6bn is, by common consent among unions and employers, hopelessly inadequate.

Further, it must be acknowledged that one of the principal reasons for the NUT's anxiety to reach a deal was its members' reluctance to resume work. We shall almost certainly never know the results of pre-strike ballots held by the union in selected local authorities during the previous fortnight. Only the NUT's uncharacteristic silence on the issue provides a clue.

Pressure for success in the

David Brindle

As leaders of the NAS/UWT and the Assistant Masters and Mistresses Association (AMMA) have already discovered, many teachers have been changed by their experiences during the dispute and are in no mood to put more into their jobs than is strictly required by contract.

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SECTION III  
**FINANCIAL TIMES SURVEY**  
 Tuesday May 20 1986

# Ghana

The government of Flight Lt Jerry Rawlings has embarked on one of the most radical economic reform programmes in Africa, but recovery is proving a slow process and austerity measures are increasingly unpopular.

## Adjustment fatigue sets in

By Patti Waldmeir

AFTER THREE years of dogged adherence to an economic reform programme which has been hailed by the West as a "blueprint for Africa," the Government and people of Ghana are showing signs of what might be called "adjustment fatigue."

The beacon of hope at the end of Ghana's long and dark tunnel of economic and social decline—now visible for the first time in a generation thanks to the determined policies of Flight Lt Jerry Rawlings' Government—has been perceived to flicker recently as the Government and donors alike have begun to reassess the immensity of the task ahead.

In the past three years, the Rawlings Government has succeeded, against formidable odds, in pulling the Ghanaian economy back from the brink of collapse. But the efforts have now reached a critical juncture. The Government is facing its most serious political crisis since the economic programme was launched in 1983: a general strike was only narrowly averted at Easter and the threat of unrest remains on the horizon.

While the regime continues to profess an undiminished commitment to reform, it seems clear that unless steps are taken to reverse a serious deterioration in the political climate of the country, the

impressive gains registered since 1983 may be in jeopardy. In the words of one donor official, "Ghana can now be said to be out of intensive care. But the convalescence is likely to be long and tedious, and any loss of momentum now could have serious consequences."

Since 1983, the self-proclaimed revolutionary government of Ghana (a most unlikely convert to the conventional economic wisdom of the West) has been struggling to rewrite one of Africa's most tragic economic disaster stories according to the principles of Western-style market capitalism.

In an attempt to boost exports and reduce imports, the national currency, the cedi, has been devalued to only 3 per cent of its value when head of state Rawlings seized power in a December 31 1981 military coup. Incentives to production, including agricultural producer prices, have been substantially increased while price subsidies have been cut or eliminated.

Fiscal and monetary discipline has been improved significantly. In general, an economy which had largely taken leave of its senses by the end of 1982 has been restored to a measure of sanity.

One of the most radical reform programmes in Africa, the "Ghanaian experiment," has generated much excitement in Western capitals where Ghana is still remembered as

the jewel of the West African coast. Donors have pledged large sums to support the reforms (some US\$600m for 1986 alone) and the International Monetary Fund (IMF) and World Bank have thrown their combined weight behind the programme which is seen as a major test case for their policies in Africa.

Both badly need an African success story to live down their reputation for being at best a harsh task master, and at worst a destroyer of governments. In the words of one Western donor official, Ghana is the IMF's prize "floor sample" in Africa: a country which has swallowed the bitter medicine of austerity and survived.

With the help of an unwavering commitment to economic discipline, good weather and heavy infusions from the West, the four-year-old provisional National Defence Council (PNDC) Government had begun, by the end of last year, to draw the curtain of Ghana's dreary tale of despondency and decline.

After three years of crisis management, Government and donors alike had begun to turn their attention to the medium- and long-term horizon, and both were speaking excitedly—for the first time in at least 25 years—of the possibility of sustained economic growth.

The grounds for optimism are substantial. During the first 23 years of the adjustment process (and despite the worst drought in living memory) export earnings rose by 44 per cent from



Head of State Flight Lt Rawlings has brought the country out of intensive care but has to deal with a long and demanding convalescence

US\$440m in 1983 to US\$633m last year; inflation fell from 123 per cent in 1983 to just over 10 per cent in 1985; real gross domestic product grew by 7.6 per cent in 1984 and 5.3 per cent in 1985; almost every indicator of economic activity for two years running in 1984 and 1985, an achievement which no other government in Accra has matched for many years.

For those who visited the near-empty markets of the dilapidated Ghanaian capital during the famine years of 1982 and 1983, the feast of local and imported foods on display in Accra today is most impressive.

But there are signs that the initial euphoria over Ghana's recovery may have been overdone, and donors and the Government are now striking a more sombre note. According to a recent World Bank report: "The task of economic recovery and rehabilitation has only just begun... for the most part, the economy remains today as impoverished as ever from years of neglect with severe structural

bottlenecks in every sector." Officials from both sides admit that they understand the degree of debilitation of essential infrastructure, and the administrative and management weaknesses of the civil service. In the words of one donor, "Even with the best policies, the effects of 20 years of steady deterioration cannot be reversed overnight. Ghana would have to grow at the rate of the world's most successful economies for 1970."

Further major adjustments are in store and government officials admit privately that continued popular support for the programme, especially from unionised urban workers, is no longer assured. The urban workforce, originally head of state Rawlings' largest constituency, has accused him of betraying the original aims of the revolution: the redistribution of wealth, the pursuit of social justice, and the establishment of grass-roots democracy.

According to one Accra taxi

driver (a retired civil servant): "When Jerry Rawlings came to power in 1981, he criticised our hospitals as the graveyards of the working people. Now, four years and several hundred million dollars worth of loans later, the hospitals are still graveyards and a labourer's daily wage will still not even buy a loaf of bread."

Ghana's ebullient secretary (minister) for finance, Dr Kwesi Botchwey, counters such criticisms by asking "Would the interests of the working people have been better served by the total disintegration of the economy? Because that's what we were facing in 1983..." His message is that without the full rehabilitation of the productive sectors of the economy, no programme of investment in social infrastructure could possibly be sustained. He is eager to point out that the Government's medium-term economic programme for 1986-88 includes substantial spending on education and health, for the first

time since the reform effort was launched in 1983.

The message does not seem to be getting through to the unions. Relations between government and the rank and file of the Trades Union Congress (TUC) are at an all-time low, strikes have hit the country's banks and the Ashanti Goldfields Corporation, the largest private-sector employer and a major foreign exchange earner, and local businessmen say the threat of a national stoppage continues to loom large.

Appeals by the Government for more understanding of the constraints imposed by the continuing economic crisis have fallen on deaf ears at TUC house, where the leadership is smarting under the impact of virulent attacks by the state-controlled press, which alleges infiltration of the union movement by the US Central Intelligence Agency (CIA) and other alleged enemies of the revolution.

The crisis has blown up over an issue—the introduction of large public sector pay rises last January—which, rather than threatening the Government's popularity, ought to have provided a much-needed boost. But government officials admit that the move was badly mishandled. The initial aim was to compensate workers for a 50 per cent devaluation of the cedi by raising the minimum wage to Cedi 90 per day from Cedi 70, and to reward initiative in the civil service by introducing large pay increases for those in positions of responsibility.

However, in the Government's haste to be seen to cushion the workers from the blow of yet another devaluation (the ninth since the programme began), new pay scales were rushed through without full consideration of their impact on government expenditure. Government wages and salaries bill rose to C\$3bn from C\$1.4bn last year, well above the budgeted

CONTINUED ON PAGE 6

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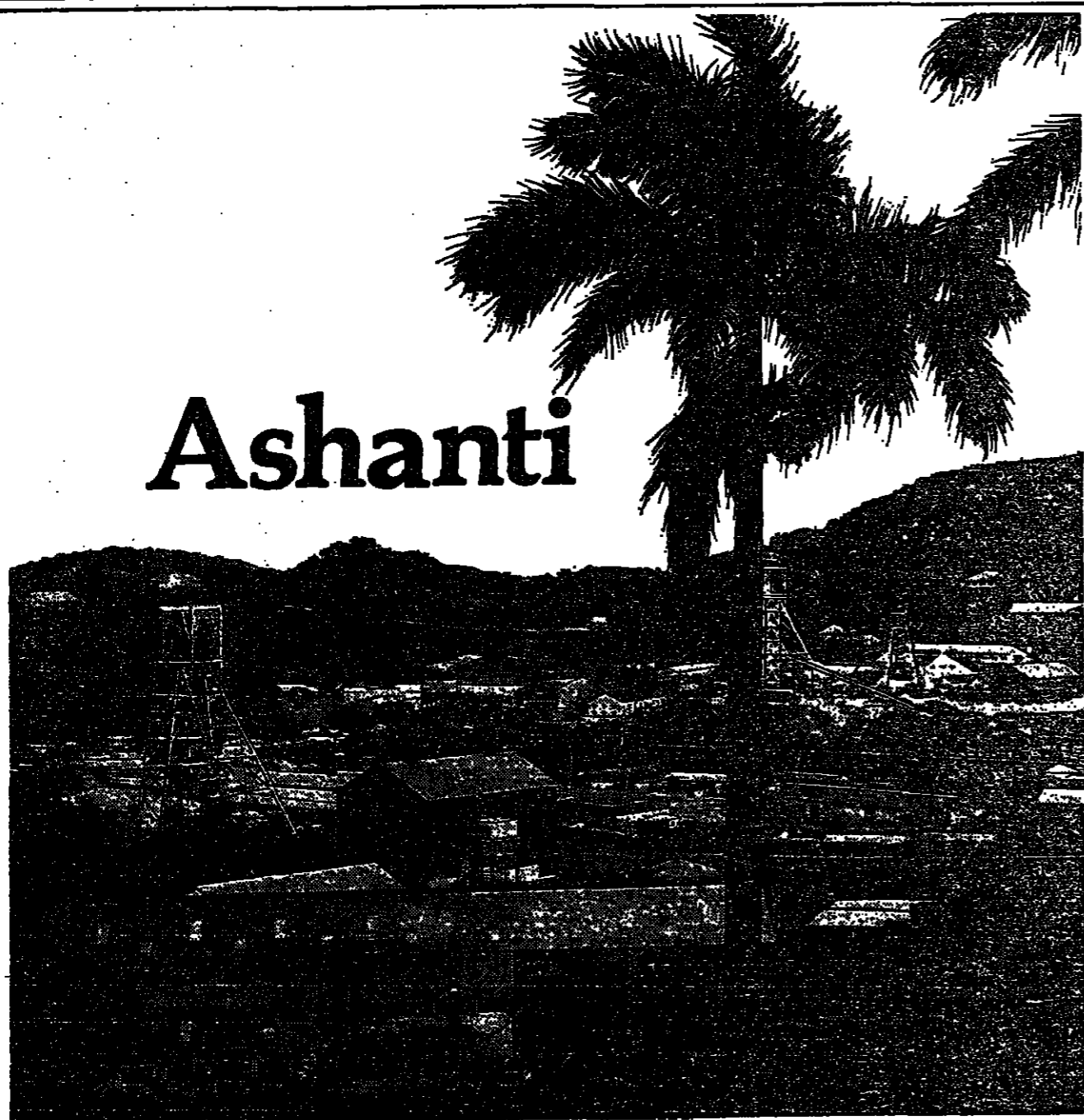
Palm Oil: Why Lever Bros feels the heat 5

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Guide for businessmen 6

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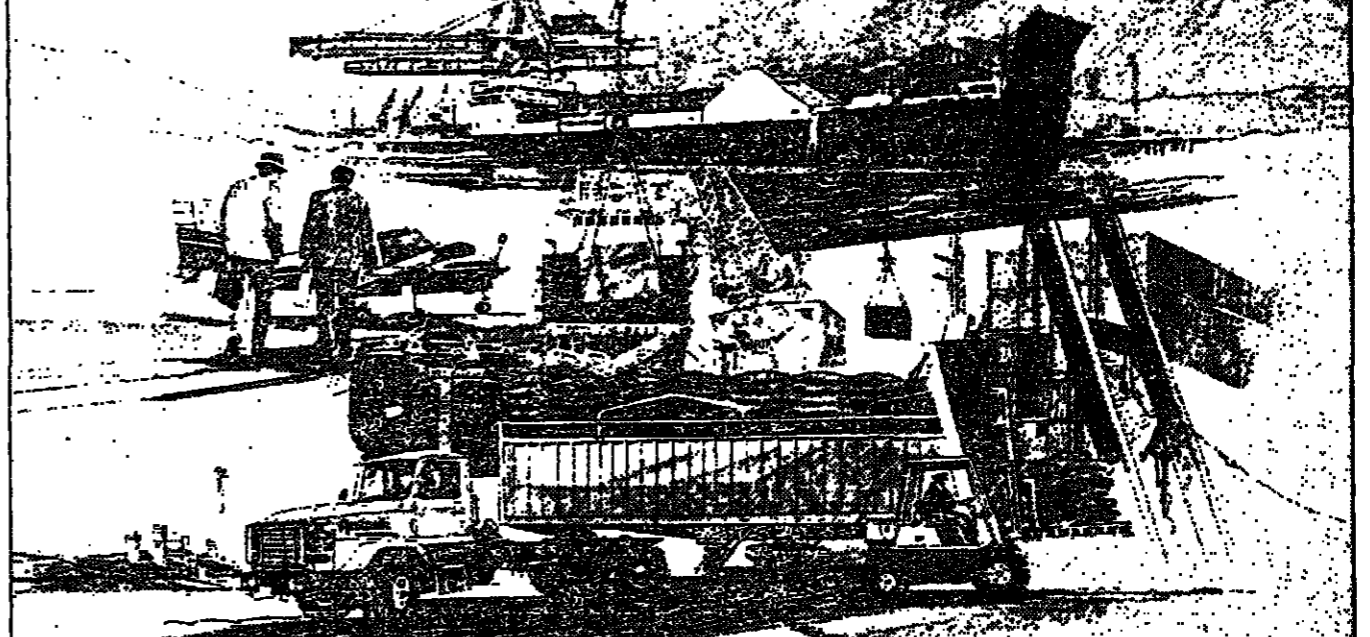
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Economy PATTI WALDMER

With the major stabilisation goals in sight, the attention of Ghana's policymakers is rightly shifting to more medium-term concerns.

IF THE task of relaunching the Ghanaian economy now appears daunting (to Government and donors alike), then in 1983, when the reform programme was launched, it must have seemed insurmountable.

Throughout the 1970s and early 1980s, reckless government spending had led to large budget deficits which fuelled inflation and eroded the real value of the cedi, which traded on the "Kalabule" (black) market at only 6 per cent of its official value.

Three years later, the Government would argue (and most donors would agree) that Ghana is now on the point of surmounting the insurmountable. Both sides have begun to speak of the prospect of sustainable economic growth for the first time in very long years.

The Government's achievements to date have attracted extravagant praise from the World Bank, which has provided substantial finance to fuel the recovery, and enthusiastic praise from the rest of the Western donor community.

Real gross domestic product (GDP) has risen for two years running, by 7.6 per cent in 1984 and a further 5.3 per cent last year. Imports have risen to US\$873m in 1985, under US\$500m two years earlier.

A series of what Finance Secretary (minister) Dr Kwesi Botchway calls "mind-boggling" adjustments has been necessary to attain the primary goal of the first three-year phase of the recovery programme.

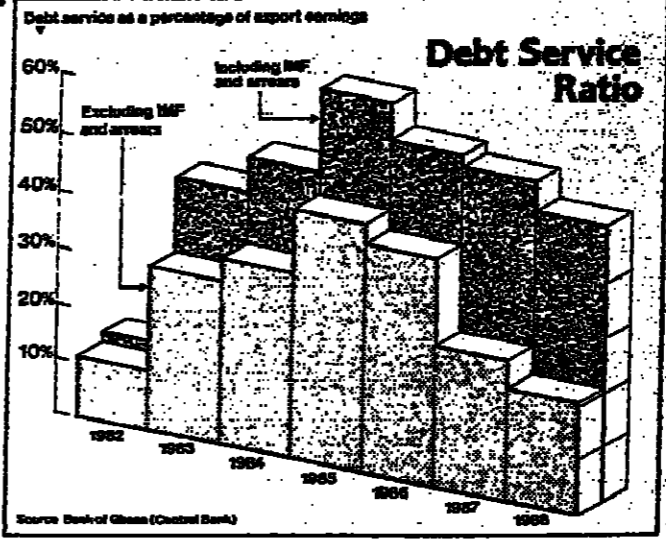


Table titled 'Balance of payments (US\$m)' with columns for 1983, 1984, and 1985. Rows include Exports, Imports, Invisibles (net), Current balance, Capital (net), Errors/omissions, and Overall balance.

Donors have backed the reforms with hundreds of millions of dollars in aid funds which have been invested in, or committed to, the rehabilitation of various sectors of the economy.

The largest single supporter of Ghana's recovery efforts so far has been the IMF, which has lent the country nearly SDR 600m (US\$820m) since 1983.

Clearly, the conclusion of a new IMF credit will be critical to the programme's success. Without a funding programme in place, the increasing momentum of bilateral commitments is likely to falter.

Both sides say that they are optimistic that obstacles to agreement can be overcome soon, perhaps during the Fund's next visit to Accra in early June.

Negotiations are also in hand with the World Bank for a three-year "structural adjustment loan" for around SDR 300m, although no disbursements are likely until next year.

If these levels of funding can be agreed, Government officials say they are confident that prospects are bright for a major improvement in the unenviable standard of living of most Ghanaians.

one which Dr Botchway has identified as the greatest threat to the programme's future, are management weaknesses which have hampered implementation of the new policies and (dis)bursement of the massive loans committed to recovery.

From this year, external debt servicing will begin to impose a crushing burden on the recovery effort. Debt service (including debt to the IMF and reduction of some arrears) will consume 57 per cent of export earnings in 1986, 55 per cent in 1987 and 50 per cent in 1988.

Ghana is due to repay US\$72m to the fund in 1986, US\$117m in 1987 and US\$200m in 1988. The fall in the price of oil will substantially ease the external payments situation this year, but it is clear that the reform programme will be unsustainable unless more resources are found.

Sustained bilateral donor support — at very high levels and on the softest possible terms — may make or break the Ghanaian experiment.

In the words of one major donor, it would simply be "too great a shame if the improvements of 1984 and 1985 were to prove just a flash in the pan because of a failure of the Government's will to address the political situation successfully."



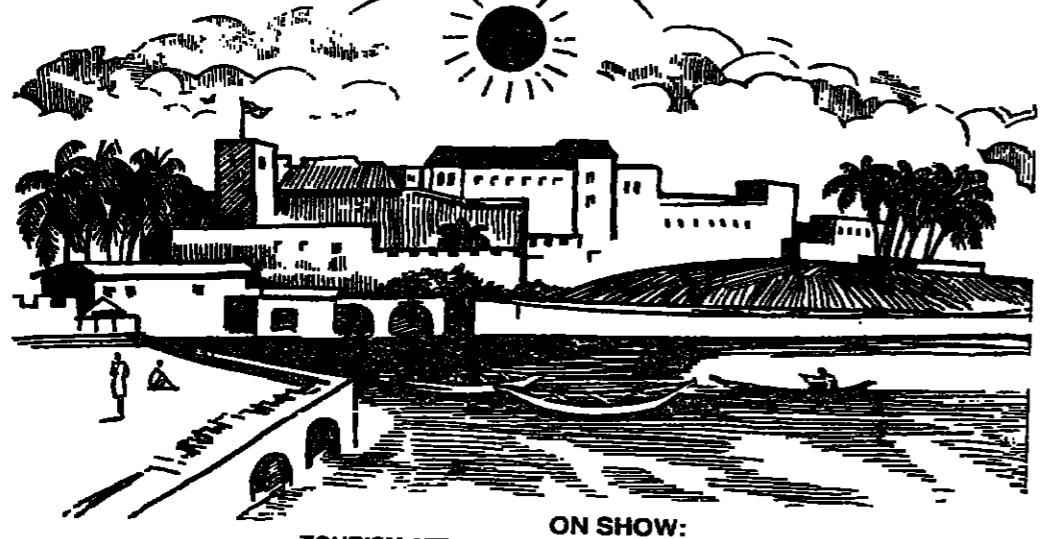
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### Smiles from the donors

#### Aid

PATTI WALDMER

THE REHABILITATION of Ghana in the eyes of the western donor community...

While the past 12 months have seen a number of other worthy African governments...

But slow disbursement of aid committed to Ghana has so far proved a major constraint on recovery...

Donors and government officials highlight the following barriers to rapid disbursement:

Government procedures are cumbersome and involve numerous separate stages with the potential for delay at every stage...

donor official, "there's still too much flag-biting" by bilateral donors...

Ghana's target is to secure two-thirds of aid in quick-disbursing form...

Government has serious difficulties providing local counterpart funds...

There is a multiplicity of small bilateral projects in Ghana's aid portfolio...

The Government and donors say they are making every attempt to remove bottlenecks...

Ghana's experience suggests that an agreement can take between three and 10 months from the initiating stage...

Government estimates that only about a third of the total aid pipeline was actually disbursed last year...

#### Foreign aid pledges for 1986

Table with columns: Donor, Total pledge, project, Programme, Technical assistance. Rows include Canada, France, W. Germany, Japan, Switzerland, Britain, Denmark, Netherlands, Saudi Fund, Kuwait Fund, etc.

### Austerity takes its toll

#### Politics

PATTI WALDMER

WHEN GHANA'S charismatic young leader, Flight-Lt J. J. Rawlings...

During the latest union unrest over the vexed issue of public and private sector wage increases...

Ghanian officials react angrily to the accusation, put forth frequently in private by the rank and file...

While they concede that wage labourers struggling to live on CSO (US\$1.00) per day have been the hardest hit...

such as show of support for the Government is almost unthinkable...

Based loosely on Cuban and Libyan models, the PDCs and WDCs were to have formed the nuclei of a new democracy...

In the event, the PDCs and WDCs were guilty of serious misuses of power...

Even Ghana's professional classes, which were criticised by the young revolution...

### Ports hold up progress

#### Transport

STEPHANIE GRAY

THREE YEARS ago, 70 per cent of Ghana's trucking fleet—which hauls most inland traffic—was out of action...

Thousands of tons of bauxite lay stockpiled for months at the Awaso mine because the rail link was in such bad repair...

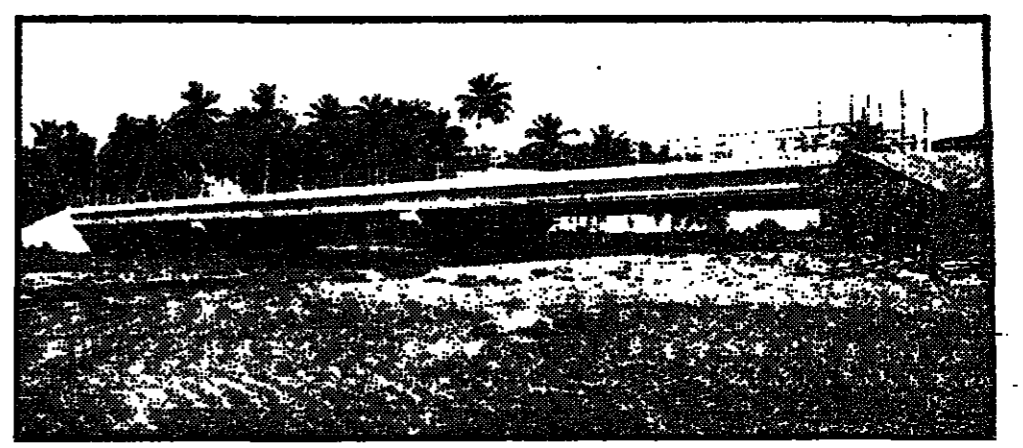
The route to Takoradi, however, remains the priority in the export led recovery plans...

More World Bank money has been spent on road building in Ghana, latterly under various reconstruction import credits...

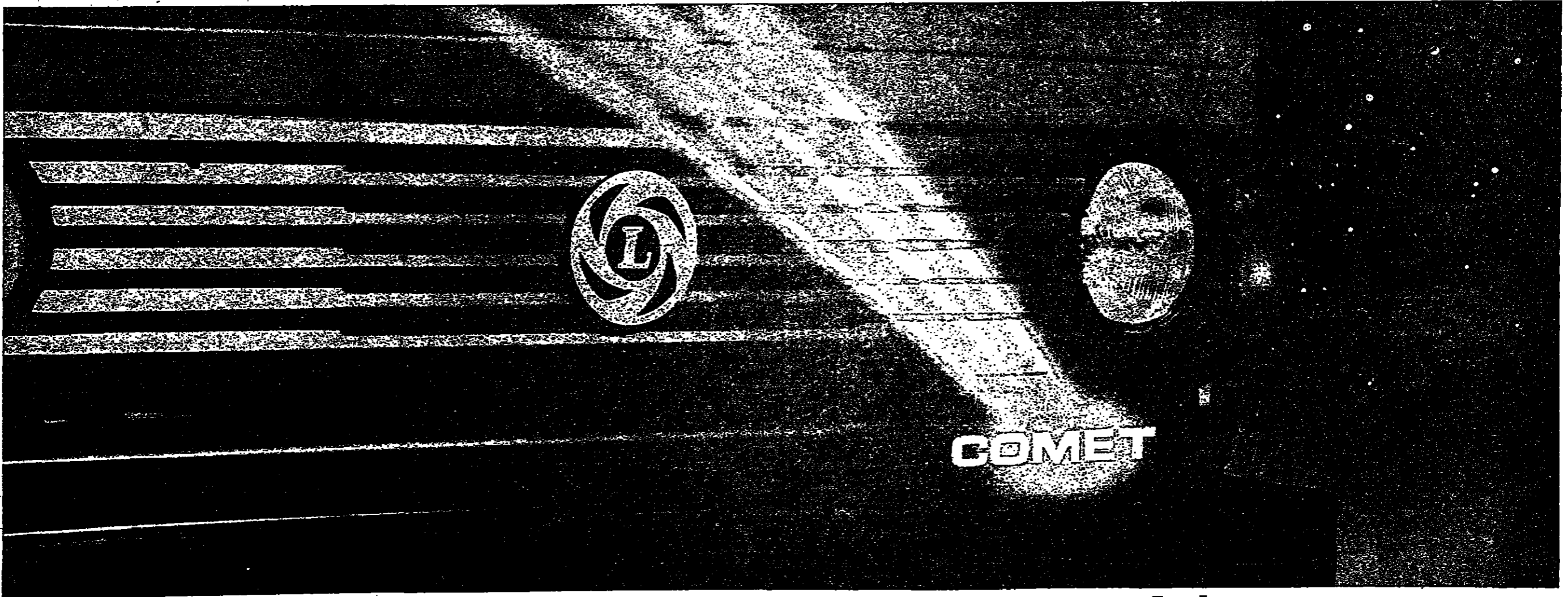
Even Ghana's professional classes, which were criticised by the young revolution in its earliest stages...



Apart from still neglected straits, there are still wide-spread reports of pilfering from the ports, despite police checkpoints...



This new bridge over the Itre River, 85 miles from the capital, Accra, is a key section on the Pan African Highway...



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Plenty of produce for the yam market in Accra

## Rains bring bumper harvests

**Agriculture**  
STEPHANIE GRAY

GHANAIANS WILL not easily forget the dark days of 1983-85 when severe drought brought widespread food shortages to the country. While the shortages were not on a scale experienced elsewhere in Africa, they were exacerbated by the sudden influx of thousands of nationals who had been expelled from Nigeria.

Cocoa farmers started clearing trees to make way for subsistence food cultivation as prices soared. Those who could afford to travelled to Togo for their supplies.

In the last few years, however, the position has been reversed. Ghana has recorded bumper harvests in all the main food crops and has even started exporting modest amounts of maize, yams, ginger and pepper.

The turnaround is largely the result of good rains and wider availability of fertilisers resulting in abundant supplies of staples like yam, plantain, cassava, maize and rice in the towns. A sharp improvement in transportation means that crops no longer lie rotting in the fields for lack of vehicles to move them out.

The problem is that much of the local produce is being undercut by imported goods that are both cheaper and of better quality.

Packets of black eyed beans, for instance, appear in the markets for a fraction of the local price and do not require thorough washing and de-bugging.

The beans bear the label "Produce of Louisiana" and are of course the produce of highly mechanised farming — not the highly expensive output of the traditional Ghanaian smallholder.

Imported produce comes into the country under the free market World Bank prescription. The Government has introduced Special Unsubsidised Licences (SULs) as a method of clawing back black market funds into the economy. Under the system, goods can be imported with no question asked about the provenance of the foreign exchange funds.

Rice, which Ghana has started producing in large but expensive quantities, is one of the few commodities that is protected. Tobacco, which provides considerable Government revenues in excise duties, is another.

Otherwise, though, there is a general free-for-all and, in the absence of any price support mechanism for the Ghanaian farmer, little incentive to continue cultivating food crops rather than reliably lucrative cocoa, tobacco or palm oil.

Furthermore, adequate contingencies in the way of storage facilities for buffer stocks have not been taken to ensure food security in the event of crop failure. Reserve stocks are particularly important for the Upper East and Upper West Regions which remain chronically short of food and could do with a permanent store of 15,000

### Production of food crops

	1980	1981	1982	1983	1984	1985
Maize	282	376	246	172	574	111.9
Rice	78	97	76	46	66	99
Millet	52	119	76	40	—	52.7
Sorghum	132	121	86	56	—	62.5
Cassava	2332	2065	2470	1729	4083	2676
Coconuts	943	631	628	729	—	588.3
Yam	650	591	558	566	—	455.4
Plantain	734	623	735	342	—	573.5

Source: Ministry of Agriculture

to 20,000 tonnes of cereals. There is a dearth, also, of processing facilities for local produce with only one of two canning factories operating.

In the countryside, weanlings, stags and bunnies farming practices continue unabated, leading to widespread soil degeneration and erosion on the hills. Smallholdings also continue to show very low yields.

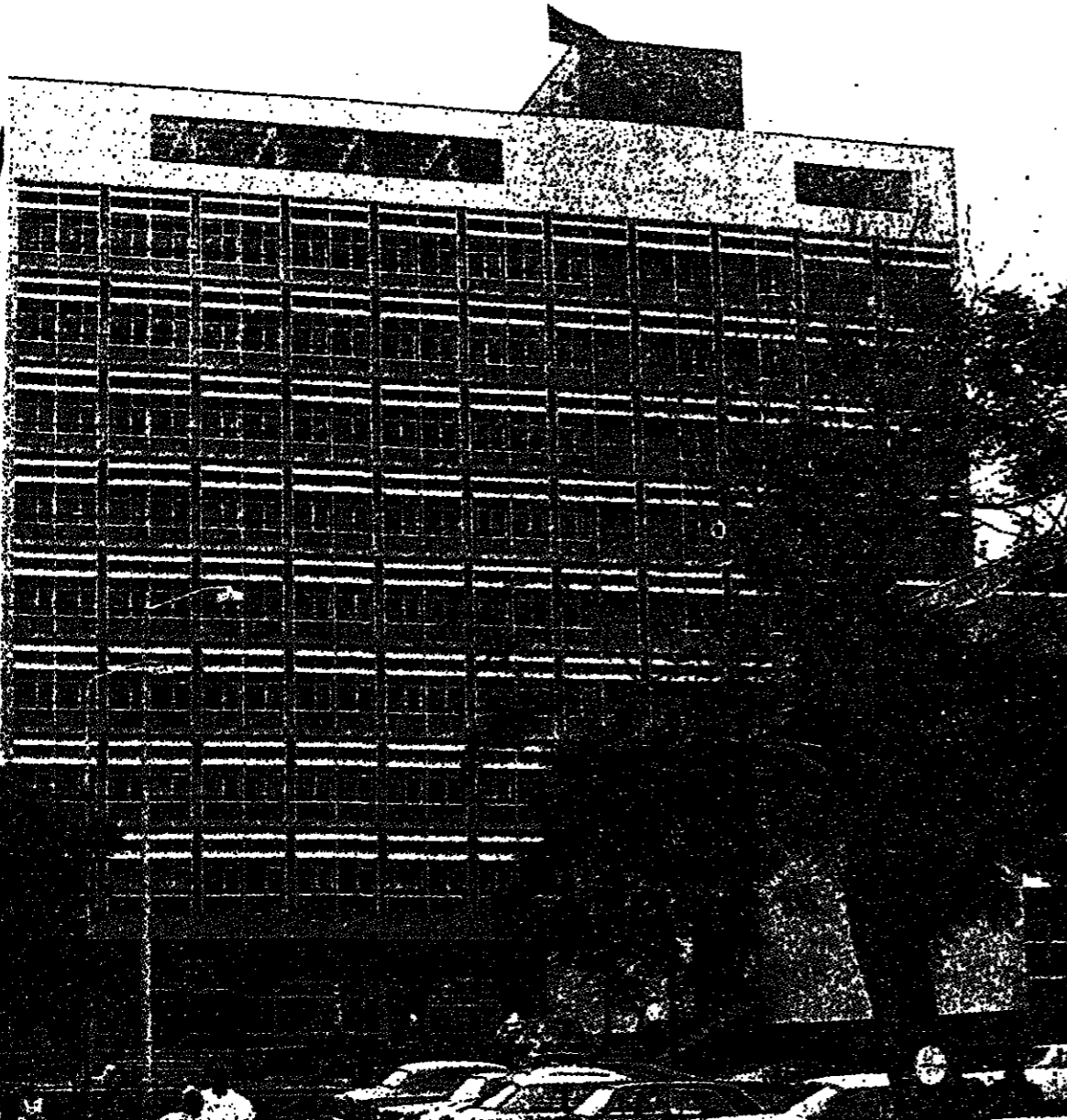
Most of Ghana's agriculture is in the hands of the small-scale farmer, with 95 per cent of production coming from farms smaller than 10 acres. The rest comes from the badly organised public sector farms.

Under Ghana's Economic Recovery Programme, efforts are under way to change the picture radically. One of the major features of the programme is the decentralisation of the Ministry of Agriculture, leaving the regions and districts with responsibilities for inputs like fertiliser, agricultural machinery and spare parts.

The decision has been taken to privatise inefficient parastatals but it will be some time before this is achieved. Indeed, there is a possibility that the Government's plan to privatise the parastatals will be shelved.

There have, nevertheless, been considerable improvements in food production and agriculture in a country where 89 per cent of the 12m population lives in rural communities and 5 per cent is employed in the sector. The Government's appropriate strategy is to ensure constant food security and the conservation of very vulnerable land if Ghana is to avoid the suffering endured by its northern neighbours.

## Your Business Is Our Business



If you are exploring business opportunities in Ghana and would need some orientation, get in touch. After all, we are the foremost bank in Ghana. We'll help you select the right business contacts, and put our experts, including those in Development Leasing, Development Financing, Export Promotion and Economic Intelligence, to work for you.

Your business is our business.



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## Sharp upturn in production

**Cocoa**  
STEPHANIE GRAY

A FEW YEARS ago, many of Ghana's demoralised cocoa farmers started chopping down their trees for firewood and even abandoning their farms. For those who stayed behind, food crops took priority. The days when cocoa cultivation was synonymous with immense social prestige and wealth had virtually vanished.

The damage wreaked by drought, neglect and bush fires was intensified by hopelessly inadequate producer prices equivalent to only 25 per cent of the world price.

Payment delays were critical, inputs in very short supply and the removal of beans from remote areas had become almost impossible due to the collapse of the transport infrastructure.

Crops that had reached almost 600,000 tonnes a year in the 1980s had fallen to the 150,000 mark, despite the crucial role cocoa has always played in Ghana's now beleaguered economy.

Cocoa accounts for more than 70 per cent of Ghana's foreign exchange earnings and is an important contributor to government revenues.

In just three years, however, production has risen from 157,000 tonnes to the 210,000 tonnes forecast for this year's main and mid crops. This sharp change in fortune is largely due to the Government's rehabilitation programme, launched in 1982 and heavily backed by the World Bank and bilateral donors to the tune of \$100m.

The World Bank says that the turnaround is the result of government policy rather than the investment whose effect has yet to be seen. By far the most important policy change has been an increase in the producer price by 373 per cent since 1983 from 12,000 cedis (£8,000) a tonne to C865,000 this year—a rise that far outstrips inflation and should provide a serious incentive for new planting.

Another was the supply to about 300,000 farmers of previously scarce consumer goods that the Cocoa Board has been transporting to remote villages and selling at cost.

Good rains have been another factor in the recovery, along with improved husbandry, relatively timely inputs and better investments in truck fleets and road and rail reconstruction.

The problem of late payments to farmers has been much reduced through the introduction of cheques to replace the iniquitous system whereby purchasing clerks in villages held farmers to ransom by issuing cheques in lieu of cash.

The clerks kept the money—and even turned money lenders—lending cash to the farmers and using the cheques as collateral.

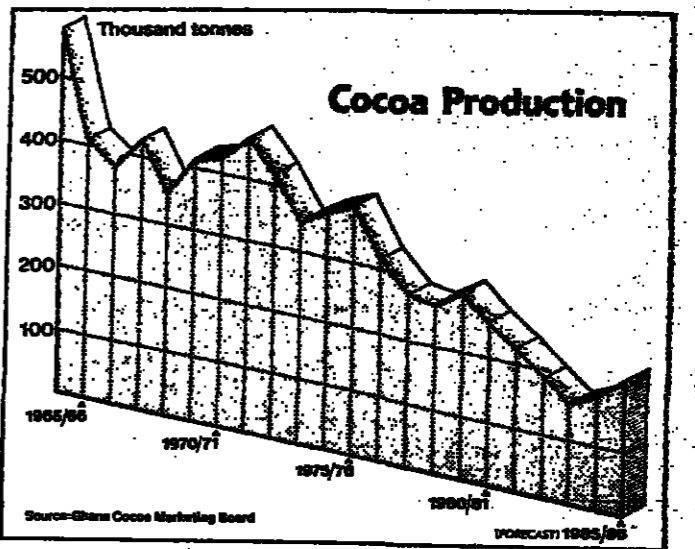
The cheque system has wiped out this abuse, though there were initial difficulties of access to banks with farmers often having to walk for days to deposit their cheques. Ghana Cocoa Board (Cocobod) points to a large increase in the numbers of rural and mobile banks. However, hopes that the system would bring out billions of cedis from under mattresses have been largely unfulfilled.

Other improvements include retrenchment and restructuring in the various divisions of the unwieldy Cocoa Board under the guidance of Peat Marwick, the British consultants.

Overstaffing, including large numbers of "ghost" workers, amounted to a complement of 118,000 workers in the board's nine divisions. About 3,500 have been lost through the elimination of "ghost" workers and natural wastage. A further 17,000 have been made redundant in five divisions.

Ultimately, retrenchment of 50,000 workers is envisaged, a figure that might prove politically untenable.

It is almost certain that two of the divisions—Abakwa Formulation Plant and Plantations—will be partly privatised with the state-owned board retaining only 30 per cent equity. One of the three loss-making cocoa processing factories is also a candidate for privatisation.



All these moves should lead to much better efficiency within the board which at present consumes about 30 per cent of income from sales on the world market.

The rehabilitation programme generally has, for the moment anyway, restored confidence in the sector and there is a steady drift back to minimal farms where food crops, due to a recent glut of produce, have lost their competitive edge.

New planting has been undertaken to replace trees that are mostly more than 30 years old. Significantly, however, much of the new planting of hybrids that have taken between five and seven years to yield fruit, is taking place along the Ivory Coast border.

One seed specialist recently reported driving for 25 miles along the western border. New trees had sprung up on both sides of the road all the way.

His outing suggests that patrols by soldiers, border guards, police and people's militias have had only sporadic effects on smuggling—mainly the Ivory Coast but also across the eastern border into Togo—which may account for the loss of anything between 10,000 and 30,000 tonnes a year.

Foremost among the other problems facing the industry is its competition with timber—the sector upon which, along with cocoa, Ghana's short-term export recovery hopes are pinned. Timber concessionaires have been destroying cocoa farms in the process of felling trees without sufficient canopy.

Timber trucks have also contributed to the still parlous state of roads in remote areas where it can take three hours to move three miles.

Improvements in transport outside the village have been substantial though, especially through the use of private hauliers who have largely been responsible for the transport of almost all of this year's main crop to the ports.

So quick and successful has it been that the ports are now heavily congested with no more storage space and few destinations left for the bumper harvest.

This position is a hangover from the time when buyers could not rely on Ghana to meet delivery dates and their confidence has yet to be fully restored.

One observer estimates that it will not be until the second half of this year before all the cocoa is moved from the ports. By then, fears of the effect of the possible liquidation in September of 100,000 tonnes of International Cocoa Organisation (ICCO) that is in danger of collapse, will have sharpened.

If the stocks are liquidated gradually, however, assuming there is no new agreement by September, the effect on the world price need not be as bad as feared.

Eventually, Ghana will have to diversify its economy away from over-dependence on cocoa and into food crops but, in the short-term, its performance is crucial to the country's balance of payments position. Provided the present confidence can be maintained, the prospects look encouraging, with production of about 300,000 tonnes a year forecast for the end of the decade even on the basis of existing plantings.

Handwritten text in a box: 1985-1986







SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Tuesday May 20 1988

J. TREVOR & SONS... for efficient property management

Travis & Arnold... Timber, Building Materials, Heating and Plumbing Equipment for the Construction and Allied Trades.

Gannett to pay \$300m for Bingham newspapers

BY PAUL TAYLOR IN NEW YORK

GANNETT, the fast-growing regional US newspaper publishing and broadcasting group, is to acquire the Louisville Courier-Journal and Times from the Bingham family for about \$300m.

Washington Post and the Tribune for the two Kentucky newspapers, which have a combined daily circulation of 380,000 and a Sunday circulation of 322,000.

US stores show good gains in quarter

By Our New York Staff

K MART, the second-largest US retail store group, and Carter Hawley Hale, the sixth-largest US department store chain, both posted sharply higher first-quarter earnings yesterday.

INQUIRY SOUGHT INTO MISSING FUNDS

Tan runs into new row over MPH

BY WONG SULONG IN KUALA LUMPUR

TAN KOON SWAN, the beleaguered Malaysian businessman and politician, has become embroiled in another major controversy involving Multi-Purpose Holdings, the publicly listed Chinese investment group which he once headed.

The latest problems centre on MPH's reported massive pre-tax loss of 200m ringgit (\$78m) for 1985, and a sum of 43m ringgit alleged to be "missing" from the group's accounts.

This was confirmed by Datuk Oon Seng Lee, a senior MPH director and chairman of KSM, the co-operative society, which owns 41 per cent of MPH.

The huge losses suffered by MPH and the fate of the 43m ringgit have created an uproar among the Malaysian Chinese community.

MPH directors say they plan to dispose of the 34 vessels of Prompt Shipping once there is a recovery in the shipping industry.

Citic undertakes to guarantee loans made by Ka Wah Bank

BY DAVID DODWELL IN HONG KONG

CHINA International Trust and Investment Corporation (Citic), the Peking-linked financial group that agreed in January to rescue Ka Wah bank of Hong Kong, has undertaken to secure the collectability of the bank's loan portfolio.

change fund, Hong Kong's equivalent of national reserves. Consolidated losses for Ka Wah for the 1985 financial year amounted to HK\$514m.

Hewlett-Packard earnings ease

BY OUR FINANCIAL STAFF

HEWLETT-PACKARD, the Californian electronics group, has reported a slight dip in earnings during the second quarter ending on April 30.

First Oklahoma gets one-month reprieve

BY OUR FINANCIAL STAFF

FIRST Oklahoma Bancorp, one of the south-west's troubled banking institutions, has been given one month by US bank regulators to come up with a plan to raise at least \$40m in new capital.

Montreal SE chief seeks new listings

By Our Montreal Correspondent

MONTREAL Stock Exchange's president, Mr Andre Saumur, and Mr Paul Bilette, its international division director, are visiting European capitals this week.

NBD Bancorp forecasts improvement

By Our New York Staff

NBD Bancorp of the US expects earnings for 1988 to exceed the \$117.99m, or \$4.80 a share, earned in 1985.

Foreign banks in UAE see sharp losses

MOST FOREIGN banks operating in the United Arab Emirates have reported sharp declines in their 1985 balance sheet totals.

Konishiroku to bid for rest of Fotomat

BY GORDON CRAME IN LONDON

KONISHIROKU Photo Industry, the Japanese maker of Konica cameras and U-Bix copiers, is seeking to take full control of Fotomat, the loss-making US chain of photographic film processing outlets.

Flotation for Canadian mine finance house

BY KENNETH MARSTON IN LONDON

CAMBRIOR, Canada's new gold-oriented mining finance house with assets (excluding cash) worth about C\$170m, is expected next month to float 60 per cent of its equity in Canada and Europe.

Evergo to keep property stake

EVERGO Industrial Enterprise, a Hong Kong electronics maker, plans to retain its key stake in Chinese Estates although its general offer for the property and investment company has lapsed.

Versatile reveals heavy 1985 losses

BY ROBERT GIBBENS IN MONTREAL

VERSATILE, the Vancouver-based engineering and shipbuilding group, has reported major losses for all 1985 and the first quarter of 1986.

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The Regional Municipality of Ottawa-Carleton (Canada) Canadian \$40,000,000 9% Debentures due May 15, 1998 Issue Price 100% and Canadian \$15,000,000 9% Debentures due May 15, 2006 Issue Price 100% Wood Gundy Inc. Banque Bruxelles Lambert S.A. Banque Internationale à Luxembourg S.A. BJB International Limited Merrill Lynch Capital Markets The Nikko Securities Co., (Europe) Ltd. Société Générale S. G. Warburg & Co. Ltd. Yasuda Trust Europe Limited The Bank of Bermuda, Ltd. Bank Gutzwiller, Kurz, Bungeer (Overseas) Bank Leu International Ltd. Bank of Montreal The Bank of Nova Scotia Channel Islands Bankhaus Hermann Lampe Kommanditgesellschaft Crdit Lyonnais Banque Nationale de Paris CIBC Limited Crdit Commercial de France Crdit Lyonnais Crdit du Nord Dominion Securities Pitfield Limited Dresdner Bank Aktiengesellschaft First Chicago Generale Bank Hessesche Landesbank Hill Samuel & Co. Kidder, Peabody International Kleinwort, Benson McLeod Young Weir International Norddeutsche Landesbank Sal. Oppenheim jr. & Cie. PaineWebber International PK Christiania Bank (UK) Ltd. Rabobank Nederland Richardson Greenshields of Canada (U.K.) Limited Sanwa International Schoeller & Co. Standard Chartered Merchant Bank Sumitomo Trust International Toronto Dominion International Vereins- und Westbank Westdeutsche Genossenschafts-Zentralbank e.G. Westfalenbank Yamaichi International (Europe) Limited May 1986

INTL. COMPANIES & FINANCE

Milan bourse still chasing paper

BY ALAN FRIEDMAN IN MILAN AND PAUL HANNON IN LONDON

THERE IS both good news and bad news for the institutional investors, fund managers and stockbrokers who have been irritated in recent months by the dreadful settlements delays on the Milan bourse. The good news is that a resolution of the problem is finally in sight; the bad news is that it will be autumn before share certificates and transaction payments begin to flow with anything like reasonable speed.

The settlements problem in Milan, where certificates may take several months to be transferred from seller to buyer, has been worsening since last year. This is a direct result of the boom on the Italian stock market, which has seen trading volume rise dramatically in the past 18 months. Daily share trading this month is averaging around L365bn (\$243m). A year ago the average was a seventh of that in money terms.

The Milan bourse, despite a runaway bull market which has seen the main BCI share index double since the start of this year, has an archaic and antiquated share clearing system. There is no modern or computerised system operating, only a physical share delivery system which is near to choking point with the certificates piled up to the ceilings in the store rooms of some Milan banks.

A number of foreign investors, particularly stockbrokers rather than longer-term fund managers, have made loud protestations to the Italian authorities. Some have even suspended dealings with Italy for the time being. Finally, however, the Consob stock market regulatory authority is promising action.

Dr Giuseppe Zadra, second in command at Consob, said last week that in content that legislation designed to clear up the settlements problem "will be passed by the beginning of the summer." This legislation, approved by the Senate last

July, would empower a Milan-based share depository called Monte Titoli (literally "share mountain") to take control of the situation.

Monte Titoli is equipped, computerised and ready, but it has been dormant without the authorising legislation and at present it holds less than 10 per cent of the shares in circulation in Italy.

For reasons which he has not explained and which are said to have been associated with his concern about tax evasion on the stock market, Mr Bruno Visentini, the Finance Minister, has been blocking the Monte

Titoli legislation in the lower House for 10 months. The word from Consob and from Milan bankers is that Mr Visentini has now dropped his reservations and the law may pass. That is the good news.

The bad news is that even if the legislation were passed next month it would still be autumn before progress is made. So foreign investors can plan on suffering those frustrating delays during the summer. But if all goes well then the settle-

ments delays should be on their way to being cleared up by December or early next year.

Despite complaints about the delays from several prominent institutions in the City of London and on Wall Street, it is by no means clear that foreign business has fallen off significantly.

Foreigners are effectively locked into the market, unable to take out profits. A counter-argument is that overseas demand is locked out by the settlement problems and that when the backing is cleared the force of foreign buying will be felt again strongly.

James Capel, the London stockbroker and condor for much of the UK investment into Milan, did an abrupt turnaround recently by advising clients that it was temporarily withdrawing from the market and accepting no new business. The firm is adamant that it will not return to the Milan bourse until the settlement problems are solved.

Mr Roger Hornett of Capel, a long-standing advocate of the virtues of the Milan market, remains convinced of the fundamentals of the bourse and sees foreign investors offering Italian industry the chance to finance growth by new business and itself on a sound basis.

The optimism that Capel's exuberance is not mirrored everywhere. A technical correction is felt overdue, but the when and the how much are questions few are willing to answer.

Swiss investment in Milan has been steady in recent years but has tumbled off as a result of the settlement problems. Given that foreigners account for up to 10 per cent of the entire market activity, the shift of overseas funds could have a damaging medium to long-term impact.

Swiss Bank Corporation International in London stopped active involvement in January and according to Mr Patrick

Rosenberg, the Swiss specialist in Italy, "We have been unable to set any orders. But if the backlog is cleared and the underlying problems solved, then we might go back. Nothing is certain."

Dr Giuseppe Bassoli, manager of Ita, the Unione Bank of Switzerland Milan mutual fund, is more optimistic. "For the moment, the market has

More than 100 companies are making a quotation on the Milan bourse, which at present has 220 shares. Stock exchange activity was weaker than last year, but the market is still active."

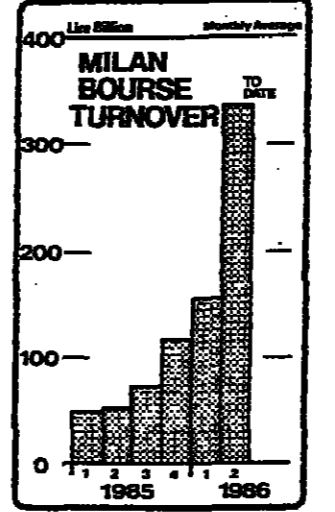
Mr Enrico Fontanelli, president of the Milan Bourse Association, said 100 companies had applied for or were in the process of seeking a listing. He said 23 of the new applications were at present being studied by the Consob.

The market is expensive, a correction is overdue and we are wary of the Italian government's fiscal policies of the Italian government.

The biggest American proposition of Milan have been Merrill Lynch, Salomon Brothers and Goldman Sachs. They are all now hesitant to do business and are dubious about whether the bourse authorities can get the problems sorted out in time before international support for Italian shares dries up.

One US specialist described the reluctance he has in dealing with Milan: "It is 'caveat emptor' written in very large letters. It is the only way of dealing with these civil servants who think they are stockbrokers working electricians' hours."

"It can not go on indefinitely. When the crunch comes, I don't want to be there and I hope not too many of my clients will be there."



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**SANDVIK**

USD 35,000,000  
6 1/4% Convertible Bonds  
Due 15th March, 1988  
Notice of Adjustment

Notice is hereby given to the holders of the above-mentioned bonds that the Annual General Meeting of the Company, held on 15th May, 1986, approved a resolution for a sub-division of the Company's A shares and B shares entailing a reduction in the nominal value of the shares from SEK 100 per share to SEK 25 per share and the issue to the holders of A shares and B shares, pro rata to their holdings, of new A and B shares free of payment by way of a bonus issue in the proportion of one new A share for every three A shares and one new B share for every three B shares held. Bonds in respect of which the conversion date falls after 21st March, 1986 will be dealt with in accordance with Condition 7(D) (ii) of the bonds until the day after the Record Date for the issue, the Record Date having been fixed by the Annual General Meeting of the Company to be 23rd June, 1986.

In consequence of the sub-division and the bonus issue, the conversion rate for the above-mentioned bonds will be adjusted to 126.6284 B shares per bond, effective as from 24th June, 1986, the first business day after the Record Date.

20th May, 1986 SANDVIK AKTIEBOLAG

Conti-Gummi starts well with sales 19% ahead

BY DAVID BROWN IN FRANKFURT

CONTINENTAL Gummi-Werke, the West German tyre and rubber products manufacturer, says group earnings were significantly better for the first quarter this year.

Turnover rose 19.1 per cent to DM 1.12bn (\$507m) in the three months. Adjusted for the acquisition of Semperit Tyre of Austria, in which the group took a 75 per cent stake last year, sales were little changed at DM 942m in spite of a weaker winter tyre market.

Conti-Gummi expects full capacity utilisation this year and an increase in turnover of at least 3 per cent over the DM 5bn achieved in 1985, although it has proved difficult to push through price increases.

The good first quarter for profits follows a surprisingly good year in which group pre-tax earnings nearly doubled to DM 77.2m from DM 41.2m. The company increased its dividend

to DM 5 from DM 3. This reflects not only the strong motor vehicles markets of 1985 but also a programme to rationalise production and extend its international base.

Foreign sales have climbed from a third of turnover in 1979 to roughly half today, and Conti-Gummi claims an 18 per cent market share in Europe. This makes it the number two tyre manufacturer in the region after Michelin of France.

Mr Helmut Werner, the managing director, said the benefits of co-operation with Semperit, and the integration of its tyre operations had exceeded expectations.

Conti-Gummi plans to continue a heavy investment programme this year—primarily directed towards the tyre operations—with expected outlays in plant and equipment of some DM 300m compared with DM 254m in 1985.

Norwegian insurer falls into loss

THE WEAKER share market in Norway contributed to a first quarter setback for Vesta, the country's second largest insurance concern, writes Fay Gjester from Oslo.

The group made an operating loss of Nkr 1.1m (\$146,000) in the quarter, compared with an operating profit of Nkr 53.7m in the same period of 1985,

despite an 8 per cent increase in gross operating income to Nkr 1.83bn. The figures exclude the group life business.

Profits on securities trading, amounted to only Nkr 25.6m in the period compared with Nkr 57.5m a year earlier. Including life business, Vesta's total assets at end-March amounted to Nkr 21.9bn, up 35 per cent on end-March 1985.

Ciba-Geigy and Sofina enter lens venture

By John Wicks in Zurich

CIBA-GEIGY, the Swiss chemicals group, is to set up a joint venture with Sofina, the Italian finance company, to manufacture contact lenses.

The new venture is to take over the Sofina stake in Industrie Ottiche Riunite.

The venture marks a further move by Ciba to expand in the contact-lens business. Last month it acquired the contact-lens operations of Falcon Pharmaceuticals, a US subsidiary of the Nestle group. Last September it bought the contact-lens and lens-care operations of American Optical Corporation.

Ciba has also signed an agreement with Nikka Chemicals of Japan, covering industrial co-operation in textile dyestuffs. Initially, seven Ciba products will be marketed in Japan and five Nikka products in Europe.

Reisebuero Kuoni, the Swiss travel agency, proposes to offer participation certificates to the general public. The company plans to create 60,000 non-voting shares, each with a nominal value of Sfr 50, and will seek permission to issue a further 60,000 in the form of approved capital.

Swissair has a majority shareholding in Reisebuero Kuoni. Other shareholders include the Kuoni-Eugenstobler Foundation and Union Bank of Switzerland. The board will also propose an increase in dividend from 20 to 22 per cent for 1985. This follows an 11 per cent rise in turnover to Sfr 1.4bn (\$761m) and net earnings up by 15 per cent to Sfr 7.42m.

May 20, 1986

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**Sterling Commercial Paper Programme**

**Samuel Montagu & Co. Limited**  
has been appointed to act as Dealer in the above programme under which Argyll will issue as and when its requirements arise.

May 1986

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APPOINTMENTS

Senior NatWest European posts

Dr Heinz Stippel has been elected to the supervisory board of NATIONAL WESTMINSTER BANKS wholly-owned German subsidiary Deutsche Westminister Bank Frankfurt/Main...

CHEMOXY INTERNATIONAL has appointed Mr Ian Stark as a director.

ROBERT M. DOUGLAS HOLDINGS has appointed Mr Leslie J. Holliday, recently chairman of John Laing, to its board as a non-executive director.

Mr A. J. (Tony) Lorenz, currently managing partner at ECI Ventures, and formerly managing director of Equity Capital for Industry, has been appointed to the board of DUBBLER as a non-executive director.

C. H. BEAZER (HOLDINGS) has appointed Mr Robert David Stephens as a main board director of Beazer Homes.

Mr F. W. Crowley and Mr D. H. Cowie have been appointed divisional directors of BINNIE AND PARTNERS, with responsibility for water treatment and UK projects respectively.

Cowie was formerly director of RIBA INSURANCE, a company set up to investigate the business development. Mr Richard Warren takes over this role.

Mr Bernard Head has been appointed director of MARLEY FOAM, and Mr Alistair Yearwood becomes director and general manager of BRITISH MOULDED FIBRE, both companies are subsidiaries of Marley.

Mr Mike Brighton has been appointed to the new post of manager, correspondent banking and foreign trade at NATIONAL GIROBANK. He joined Girobank in 1984 as a senior consultant; prior to that he worked for Standard Chartered Bank.

Ashby & Horner director Mr Brian Coates has become president of THE BUILDERS' CONFERENCE.

KIDDICRAFT has appointed Mr Bob Heelis as financial director. He joins from a subsidiary of Hanson Trust.

COUNTY BANK UNIT TRUSTS has appointed Mr Genevieve Hall as manager of

two trusts specialising in smaller companies - one for pension funds and the other for private investors. He joins from the British Rail Pension Fund, where he was manager of the small companies section.

Mr Paul Buttrick has been appointed a director of WESTMINSTER AND COUNTRY PROPERTIES. He is managing director of Westminster and Country Properties (Exeter).

Mr Michael Meekenzie, formerly managing director of D. S. Crawford bakery division, Edinburgh, has been appointed director-general of the FOOD AND DRINK FEDERATION from June 2.

Mr Roy Wesley has been appointed operations director of PLASTICS (MANCHESTER).

INCHAPE has appointed Mr Charles Mackay to the board from July 1 with responsibility for Far East activities. He will be based in Hong Kong from October. Mr Mackay was previously a main board director of the Chloride Group, responsible for the overseas division and, recently, for the power electronic division.

ADWEST GROUP has appointed Mr Gary Bach as managing director of Air-Log, part of the newly formed Adwest defence division.

GARTMORE INVESTMENT MANAGEMENT is expanding its international bond operation through the appointment of Mr John Trevelyan as manager. He was the editor of Euronomey Currency Report.

MAPLES, WARING & GILLOW has appointed Mr Pat Cunningham to associate direc

BASE LENDING RATES

Table with 3 columns: Bank Name, Rate, and % (e.g., ARN Bank 10%, Allied Dumbbar & Co 10%, Allied Irish Bank 10%, etc.)



Points from the board's interim statement: Profits at record level, Dividend increased, All companies trading well. INTERIM RESULTS (UNAUDITED) table follows.



ALLOW US TO PRESENT OUR CREDENTIALS.

State Street is pleased to introduce our complete range of custodian and portfolio recordkeeping services for institutional investors in the United Kingdom. We process over 700 mutual funds and care for 40% of the industry's total assets...

Conferences

Manchester Business School & The Strategic Management Society NEW STRATEGIES IN THE FINANCIAL SERVICES SECTOR LONDON, 11-13 JUNE 1986. Includes list of speakers like Sir Kenneth Berrill, Mike Blackburn, etc.

Company Notices

NESTLE S.A., Cham and Vevey, Switzerland. Payment of dividend. TOKYO SANYO ELECTRIC CO., LTD. RORENTO. LIJUBLJANSKA BANKA. CAISSE CENTRALE DE COOPERATION ECONOMIQUE. BANCO DE LA NACION. BANQUE INTERNATIONALE.

UK COMPANY NEWS

AB Foods' £164m beats City hopes

Associated British Foods, the Fine Fare supermarkets and Sunblest bread group, checked into the City yesterday with 1985-86 profits some £3.5m ahead of the best of the wide-ranging City estimates.



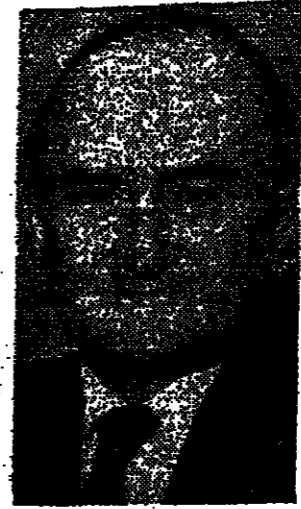
Mr Garry Weston, chairman of Associated British Foods.

Following the normal policy all reorganisation and redundancy costs were charged against trading profits—these totalled over £6m, but were some £2m lower than 1984-85's.

STV £5m cash call and plans votes for 'A'

Scottish Television yesterday announced a £5.7m rights issue to fund acquisitions and enable it to take part in satellite television projects.

Utd. Scientific in red after 'deep rooted' US problems



Sir Frank Cooper, chairman of Utd. Scientific.

PROBLEMS IN United Scientific Holdings' US operations, including inadequate financial and accounting controls and a lack of management discipline at its Optic Electronic subsidiary, pushed the company into the red by nearly £1m in the first half of the 1985-86 year.

in the current half, and will be profitable in 1987. Overall, the group will turn in a profit for the current year, and the dividend will be maintained at 5.7 per cent.

Matthew Brown spends £0.75m on bid defence

FIGHTING the takeover bid from Scottish & Newcastle Breweries cost Matthew Brown, the Blackburn-based brewer, about £750,000.

realignment of £2.3m. The world-wide sales increase of £198m was after currency realignments of over £25m.

Rationalisation begins to pay off for Crystalate

THE rationalisation and cost reduction steps taken by Crystalate Holdings last year have been completed, and the benefits are beginning to show through.

Turnover for the first six months declined from £32.42m to £29.23m, but operating profits pushed ahead from £2.36m to £2.86m.

Berkeley Group raises £12m as profits move ahead by 73%

Berkeley Group, the up-market housebuilder, yesterday announced a 73 per cent increase in pre-tax profits to £3.9m for the year to April, US unveiled details of a rights issue to raise £11.9m after expenses.

holders eating out of its hand. The shares have risen nearly three-fold in a year, and one might have thought that the issue would be an ideal opportunity for profit taking.

POSTIPANKKI Yen 10,000,000,000 5% per cent. Bonds due 1993. Includes logos and names of various international banks like Daiwa Europe Limited, Mitsubishi Trust & Banking Corporation, etc.

Godwin Warren shares fall 25p

Pre-tax profits at Godwin Warren Control Systems improved from £508,000 to £535,000 in 1985, but these results were not as good as anticipated.

Craton Lodge up 25% at halfway

Craton Lodge & Knight Group, USM-quoted consultant in consumer product development, improved taxable profits by 25 per cent to £163,000 in the six months ended March 31.

Rotaflex attacks growth record of bidder Emess

Rotaflex, the commercial lighting manufacturer contesting a £30m bid from its UK bidder Emess, yesterday attacked Emess's growth record and its accounting policies.

of Emess, said the figures published by the company in its offer document had been vetted by its auditors (Price & Co) and its merchant bank County Bank.

Brooke Tool recovery

WHILE orders and activity remain buoyant, Brooke Tool Engineering (Holdings), the present business climate is causing some pressure on margins throughout the group.

in profits was achieved in a more stable climate. The interim dividend is increased from 0.5p to 0.825p net—last year's total was 1.25p.

Fredericks/CGA

The offer by Fredericks Finance for the Country Gentleman's Association has not been declared unconditional, as was stated in the takeover bid summary table in Saturday's FT.

According to Mr Cramer the company has just completed negotiations with its merchant bank, N. M. Rothschild, to secure a £2m revolving credit facility to finance future acquisitions.

DIVIDENDS ANNOUNCED

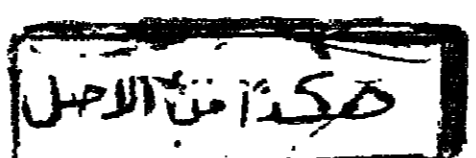
Table with columns for company name, dividend amount, and date. Includes AB Foods, Berkeley Group, Brooke Tool, etc.

FROST IN BRAZIL

Are you interested in an EARLY WARNING SYSTEM for frosts in the Brazilian coffee region, then contact GUBLER FORECASTING.

LADBROKE INDEX

1299-1301 (+7) Based on FT Index Tel: 01-427 4411







UK COMPANY NEWS

Readicut surges to £5.6m and sees good year ahead

Readicut International, the specialised textile group which moved into new manufacturing areas last November via two acquisitions totalling £1.2m, raised its 1985-86 profits by £1.5m and is looking to the current year for further progress.

Although Fifth Carpets experienced a difficult third quarter's trading, the company finished the year strongly. The recent acquisitions, Russell's Rubber and Brammer Transmissions, have been successfully and profitably integrated and with all other companies busy the directors say the outlook for the first half of 1986-87 and the full year looks good.

Readicut has confronted a cyclical downturn in its carpet sector. This year it was the turn of carpets, where margins were eroded by a rise in raw material prices erasing £750,000 from these margins. Raw material prices are now falling and the carpet division is bracing itself for increased demand from new clients such as Marks and Spencer's furniture stores. Meanwhile, car carpeting should be buoyed by the contract for the new Nissan plant and diversification into Europe. Barring a cyclical downturn in any of the divisions and anticipating a £1.5m contribution from the first half of the year, the company expects profits of £3.3m in 1986-87 and a p/e of 8.5 for 1986-7 on yesterday's share price which rose by 3p to 41p. Although Readicut's future City standing will be conditioned as much by how the company uses its new-found capacity for acquisitions—its sights are set on diversification into textile market niches—as to immediate profit prospects.

Export Development Corporation

Société pour l'expansion des exportations

(An Agent of Her Majesty in right of Canada)

(Mandataire de Sa Majesté du chef du Canada)

NOTICE OF PARTIAL REDEMPTION

TO THE HOLDERS OF C\$100,000 11 1/2% NOTES DUE DECEMBER 15, 1989 SERIES RC

NOTICE IS HEREBY GIVEN pursuant to paragraph 7(B) of the Fiscal Agency Agreement dated as of December 13, 1984 between EXPORT DEVELOPMENT CORPORATION ("EDCO") and ORION ROYAL BANK LIMITED (the "Fiscal Agent"), and in accordance with Condition 5(c) of the Terms and Conditions of the 11 1/2% Notes Due December 15, 1989 Series RC (the "Notes"), that EDCO has elected to redeem C\$5,923,000 aggregate principal amount of the Notes in the denominations of C\$1,000 and C\$5,000 each bearing the distinguishing letters "RC" and the under-mentioned distinguishing numbers, namely:

Table with multiple columns containing numbers for partial redemption of notes. Includes sections for C\$1,000 and C\$5,000 denominations.

have been selected to lot by the Fiscal Agent for redemption on the 19th day of June, 1986 at a redemption price equal to 101% of their principal amount plus accrued interest to the date of redemption (totalling C\$1,068.78 per C\$1,000 Note and C\$1,068.78 per C\$5,000 Note). The aggregate principal amount of the notes outstanding after June 19, 1986 will be C\$5,077,000. All the Notes listed above will be redeemed on June 19, 1986 in Canadian Dollars upon presentation and surrender of the said Notes (accompanied by the interest coupons appertaining thereto which mature after the said date, failing which the face value of any missing unexpired coupon will be deducted from the sum due for payment), at any of the following paying agents, at the option of the holder:

- List of paying agents including Orion Royal Bank Limited, The Royal Bank of Canada, The Royal Bank of Canada AG, Kredietbank S.A., and others.

NOTICE IS ALSO HEREBY GIVEN, that all interest on the Notes so called for redemption shall cease to accrue on or after the said 19th day of June, 1986 and coupons for the payment of interest after such date on said Notes shall be void.

DATED AT LONDON This 20th May, 1986 BY ORION ROYAL BANK LIMITED Fiscal Agent

Trilion profits ahead and growth continues

A £48,000 increase to £269,000 in pre-tax profits is reported by Trilion, which provides live outside broadcast post production and production services, over the six months to March 31, 1986.

Group turnover in the opening half advanced from £234,000 to £262,000, a 12 per cent rise on £240,000 compared with £99,000 and there was an extraordinary debit of £56,000, which relates to the redundancy costs resulting from the rationalisation of outside broadcast facilities operation.

Despite a background of difficult trading conditions, Kiddierminster-based carpet manufacturer Tomkinsons raised its interim profits from £202,000 to £273,900 at the pre-tax level.

J. Williams plans dividend

John Williams of Cardiff, the steel stockholder and iron maker which returned to profit in 1984-85 after several years' losses, yesterday announced a pre-tax surplus of £102,000 for the first half of the current term, and plans for a resumption of dividend payments.

The directors are in discussions with financiers to prepare a capital reconstruction in order to recommence payments. The last ordinary dividend was in February 1982, and preference arrears extend to July 1983. Interim earnings rose to 1.53p (0.53p).

Earlier this month when sending off a £1.8m bid from Wyndham Group. An extraordinary item of £54,280 represents the cost of the bid defence.

Transport merger

United Transport, a BET subsidiary, and Transport Development Group have agreed to merge their two heavy haulage businesses, because of a decline in North Sea oil activity and intense foreign competition.

Davenport Knitwear advances to £1.1m

Davenport Knitwear, manufacturer of knitted fabrics and garments, increased its pre-tax profits from £810,524 to £1.1m in 1985. The dividend is raised from 6.5p to 7.1p net including a special 25th anniversary dividend.

Tops Estates

Public Limited Company (Registered in England No. 1570543) Placing of £15,000,000 10% per cent. First Mortgage Debenture Stock 2011/2016 ("The Stock") at 99.073 per cent. per £100 nominal payable as to £25 per £100 nominal on acceptance and as to the balance of £74.073 by 28th July, 1986.

IN BRIEF

BLACKWOOD HODGE (Canada), a subsidiary of Blackwood Hodge, earthmoving, equipment group, reduced pre-tax losses from £312,000 (£299,000) to £311,000 (£262,000) for the first half of the current term, and plans for a resumption of dividend payments.

WHITREAD INVESTMENT COMPANY increased its net asset value per share from 205.81p to 310.85p in the year to March 31, 1984. Stated earnings rose to 6.78p from 6.78p to 7.79p, and the total dividend is raised from 6.73p to 7.44p net with a final 5.07p. Pre-tax profits for the year were up from £6.12m to £7.06m, from higher income of £7.86m (£6.48m). There was a tax charge of £2.15m against £1.84m. Retained profits were considerably more at £223,475 (£30,291).



FT LAW REPORTS

Limited partner's tax loss can exceed capital contribution

REED v YOUNG

House of Lords (Lord Bridge of Harwich, Lord Brightman, Lord Mackay, Lord Ackner and Lord Oliver of Ainstown); May 15 1986

A PARTNER whose liability for her firm's debts is limited to the amount of her capital contribution...

The House of Lords so held when dismissing an appeal by Mr Andrew Robert Reed, solicitor of taxes, from a Court of Appeal judgment upholding Mrs Justice Nourse's decision that the Special Commissioner had rightly allowed an appeal by Mrs Marjorie Young against a tax assessment for the year 1977-78.

Section 4(2) of the Limited Partnership Act 1907 provides: "A limited partner shall not consist of more than 20 persons, and must consist of one or more general partners, who shall be liable for all debts and obligations of the firm, and one or more limited partners, who shall contribute to the capital of the firm..."

Section 168 of the Income and Corporation Taxes Act 1970 provides: "Where any person sustains a loss in any trade or profession or in any business carried on by him either solely or in partnership..."

LORD OLIVER said that Mrs Young became a partner in a limited partnership known as "Monday Films (3)" on March 28 1978. She paid a £10,000 contribution to the capital of the partnership. The terms of the partnership were contained in a deed dated March 13 1978. Clause 5 provided (a) that losses should be borne as to 5 per cent by the general partner and as to 95 per cent by the limited partner...

The firm's accounting period ended on March 31 in each year. In the period to March 31 1978 it incurred a trading loss of £660,073. The following year the trading loss was £643,124. Mrs Young remained a partner during both years. The proportionate share of the loss attributable to her for the first year was £41,144. To that was added the proportionate share of the loss for the subsequent year apportioned up to April 6 1978, amounting to £270. Thus Mrs Young claimed to have sustained a tax loss in the year 1977-78 of £41,423 and to set it off against her other income for that year pursuant to section 168 of the Income and Corporation Taxes Act 1970.

The Crown argued that because this was a limited partnership and Mrs Young was a limited partner, the loss "sustained" was limited to the amount for which she could have been legally liable if the partnership had chosen to recover from the partnership in the year in question the amounts owing to it.

Under section 4(2) of the Limited Partnership Act 1907 a limited partner was not liable for the debts or obligations of the firm beyond the amount of capital contributed. It was argued that it was a misuse of language to speak of Mrs Young as having "sustained" a loss of £41,423 when her legal liability for the debts of the partnership, if called in, could not exceed the £10,000 which she had contributed in March 1978 and an additional £5,000 she contributed in October 1978. If the creditors had, at the last moment of the year ending April 5 1978, demanded and sued for their debts, she could not have been made liable for a single penny.

One could not subscribe to that reasoning. The profits and losses with which the court was concerned were the profits and losses of the partnership from carrying on the trade. Assessment of tax on the individual partners was by reference to their respective shares as set out in the partnership deed and had no necessary relation to what might ultimately turn out to be the proportion the partner was called on to contribute towards payment of the firm's debts.

The answer to the Crown's contention could not be better stated than it was in Mr Justice Nourse's judgment [1984] STC 28,57-58: "It is important to distinguish between the capital of a partnership, a fixed sum, and its assets, which may vary from day to day... If the taxpayer had been a partner in an ordinary partnership, there could be no doubt that she would have been entitled to set off the whole of the obligations of the partnership beyond the amount of the capital contributed by him."

liability to discharge the debts and obligations of the firm is limited to the amount of the capital contributed by her? The incurring of the loss bears no necessary relationship to the discharge of the debts and obligations of the firm, for loss in their discharge out of capital."

His Lordship agreed. It might be that in fact at the end of the financial year in question there were no assets out of which the partnership's liabilities could be discharged and that if those liabilities had then to be immediately met they would have fallen on the general partner. But one could not set the question of whether a partner had sustained a loss by notional taking a dissolution account at the end of each financial year.

What the 1970 Act was concerned with was profit or loss computed on the statutory basis as shown by the profit and loss account for the year, not the relationship between the individual partners and the creditors.

As Lord Dillon said in the Court of Appeal [1985] STC 25,29: "The loss under consideration is a trading loss for a particular period... The loss is related to liabilities or debts an individual partner sustains because debts and liabilities have been incurred but the loss does not have to be cleared or satisfied once and for all at the end of the period... It is fundamental, whether the partnership is a limited partnership, or not, that the loss may be cleared out of subsequent profits of the partnership." The fact that the 1907 Act afforded to a limited partner a protection against further liability beyond his capital contribution was entirely immaterial to the question of whether that partner had "sustained a loss" for tax purposes within section 168.

An alternative argument advanced by the Crown was that Mrs Young's share of the partnership losses was defined by a combination of clauses 5 and 8; that the effect of the latter was to limit a partner's share to the extent of that partner's interest in the partnership; and that the final proviso had the effect of defining the share of loss by reference to the amount of capital contributed. That was not accepted. Clause 8 was concerned not with the ascertainment of the proportionate shares of partnership losses but with the mechanical question of how, once ascertained under clause 5, the losses were to be dealt with as an accounting matter in the firm's accounts. Nothing whatever could be made to turn on the inclusion of the proviso at the end of clause 8 which merely reflected the provisions of section 4(2) of the 1907 Act which would be dismissed.

Their Lordships agreed. For the Crown: Robert Carnwath QC and Philip Wallace Solicitor, Inland Revenue. For Mrs Young: Michael Flesch QC and David Goldberg (Joelson Wilson & Co.). By Rachel Davies, Barrister.

F.T. CROSSWORD PUZZLE No. 6,026

Crossword puzzle grid with numbers 1-30 and a central '7' in the 10th row, 7th column.

- ACROSS: 1 Window opening on the harbour (8); 5 Border strike causes confusion (6); 9 Proposal to start work (8); 10 Pressure line linking island with ocean ridge (8); 12 Views the inferno through light shields (3-8); 13 Row about London area getting more willisious (5); 14 System of weighing grains in ancient Greece (4); 16 In charge of engineering? Course as stated is hazard to shipping (3, 4); 19 It's normal to state a time (7); 21 Group working both hemispheres requires credit up front (4); 24 South African mining share or old Iranian stock (5); 25 Melodious notes (8) by wind instrument (6); 27 Large navigable stretches as once they might have appeared (6); 28 Take more off in order to move faster (8); 29 Good man in an emergency - settled down after flying (6); 30 How to prevent having bad weather on holiday (6). DOWN: 1 Backing for every string (8); 2 Referee, ever old-fashioned, turned up in a jacket (6).

THE BANKER TOP 500

For the past 16 years The Banker has researched and published the size and capital strength of the world's largest commercial banks. It began in 1970 with the TOP 300 and since 1980 increased the list to 500. Each year since then it has added additional performance-related information such as profitability ratios and net interest margins, all of which has been acknowledged by everyone involved in bank credit analysis to be essential research material. Our 1986 study will be published in the July issue of The Banker. In addition this year The Banker will be publishing the historic ranking of the performance of every bank featured within the tables since 1970 in the August issue. As the most used work of reference by commercial, savings and investment banks and corporate treasurers in the field of bank credit analysis, these issues of The Banker offer an outstanding opportunity to advertise both corporate and balance sheet strength to the entire wholesale banking and treasury community throughout the 120 countries which The Banker reaches, by subscription, each month. For full details of our circulation, readership and cost of advertising please contact: The Banker, 102-108 Clerkenwell Road, London EC1M 6SA. Tel: 01-251 8321. Telex: 23700 FINBI G.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts with columns for name, manager, and other details. Includes sub-sections like 'Authorised Unit Trusts', 'Equity Unit Trusts', 'Income Unit Trusts', etc.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including columns for company names, fund names, and numerical values.

INSURANCES

Table listing insurance companies and their respective details.

Handwritten signature or stamp at the bottom of the page.

20 1986

Handwritten Arabic text: كسب المال

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, company, and performance metrics.

Table listing insurance and overseas funds, including entries like 'Barling Fund Managers (Guernsey) Ltd' and 'Eurest Assurance Group'.

Table listing insurance and overseas funds, including entries like 'Horsberg Scandinavian Fund Ltd' and 'Horsberg American (Guernsey)'.

Table listing insurance and overseas funds, including entries like 'MIM (Jersey) Limited' and 'MIM (Jersey) Limited'.

Table listing insurance and overseas funds, including entries like 'Standard Life Assurance Company' and 'Standard Life Assurance Company'.

Table listing insurance and overseas funds, including entries like 'Credit Suisse' and 'Credit Suisse'.

Table listing insurance and overseas funds, including entries like 'Kleinwort Benson (Guernsey) Ltd' and 'Kleinwort Benson (Guernsey) Ltd'.

Table listing insurance and overseas funds, including entries like 'Lazard Brothers & Co (Guernsey) Ltd' and 'Lazard Brothers & Co (Guernsey) Ltd'.

Table listing insurance and overseas funds, including entries like 'Sun Life of Canada (UK) Ltd' and 'Sun Life of Canada (UK) Ltd'.

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Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, company, and performance metrics.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rate.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Fed official's speech lifts dollar

The yellow light is flashing for the dollar according to Mr Gerald Corrigan, president of the Federal Reserve Bank of New York...

IN NEW YORK

Table with columns: Date, Rate, Prev. Close. Includes entries for DM, SF, and Yen.

The yen fell sharply against the dollar in Tokyo. The US currency finished above Y168 for the first time since May 2...

The threat of intervention by the Bank of Japan and the Bundesbank supported the dollar yesterday...

FINANCIAL FUTURES

Quiet trading

Prices were little changed in the London International Financial Futures Exchange yesterday. Trading was inhibited to some extent...

Initially on early buying interest to touch a high of 124.21. Activity quieted soon after clearing...

Three-month sterling deposits showed little overall change, reflecting little change in cash markets and a reduced prospect...

POUND SPOT—FORWARD AGAINST POUND

Table showing exchange rates for various currencies against the pound, including US, Canada, and others.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values for various countries like Germany, France, and Japan.

CHICAGO

Table showing US Treasury Bonds and Bills prices and yields in Chicago.

LONDON

Table showing 20-year and 10-year national gilt prices and yields in London.

THREE-MONTH EURO-DOLLAR

Table showing three-month Euro-dollar rates for various banks and locations.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table showing exchange rates for various currencies against the dollar, including UK, West Germany, and others.

CURRENCY RATES

Table showing spot and forward rates for various currencies like Sterling, Swiss Franc, and others.

STERLING DEPOSITS

Table showing sterling deposit rates for various banks and terms.

THREE-MONTH STERLING

Table showing three-month sterling rates for various banks and locations.

CURRENCY FUTURES

Table showing futures prices for various currencies like Pound, Yen, and others.

EXCHANGE CROSS RATES

Table showing cross rates between various major currencies like DM, Yen, and others.

OTHER CURRENCIES

Table showing rates for various other currencies like Arg. Pta., Indian Rupee, etc.

STERLING INDEX

Table showing the Sterling Index value and its movement over time.

WORLD VALUE OF THE POUND

Table showing the world value of the pound in terms of other major currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits and loans.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS unit rates for various European countries.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates for various currencies in London.

LONDON MONEY RATES

Table showing money market rates in London for various currencies.

MONEY MARKETS

UK rates little changed

UK interest rates showed little overall change yesterday although there was possibility of an early cut in UK clearing bank base rates...

NEW YORK RATES

Table showing New York interest rates for various instruments like Treasury Bills, etc.

MONEY RATES

Table showing money rates for various currencies like Frankfurt, Zurich, etc.

STERLING DEPOSITS

Table showing sterling deposit rates for various banks and terms.

THREE-MONTH STERLING

Table showing three-month sterling rates for various banks and locations.

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Table showing interbank fixing rates for various currencies in London.

LONDON MONEY RATES

Table showing money market rates in London for various currencies.

Advertisement for 'Pulling Power' beer pump clips, featuring a logo and promotional text.

Advertisement for 'SELL IN MAY & GO AWAY' by Gourlay Wolff & Co. Ltd.

Advertisement for 'Company Notices' including Nippon Credit Bank and others.

Large advertisement for 'WORLD VALUE OF THE POUND' with a detailed table of exchange rates.





سوق المال

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure-related stocks such as British Airways, British Telecom, and British Gas, listing their respective financial data.

PROPERTY—Continued

Table of property and real estate stocks, including various real estate investment trusts and companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts, detailing their performance, assets, and other key financial indicators.

FINANCE, LAND—Cont.

Table of finance and land-related stocks, including banks, insurance companies, and landowners.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks, including manufacturers and related service companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks, listing major media companies and their financials.

SHOES AND LEATHER

Table of shoes and leather goods stocks, including manufacturers and retailers.

SOUTH AFRICAN

Table of South African stocks, providing a snapshot of the local market.

TEXTILES

Table of textile stocks, including manufacturers and suppliers in the industry.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks, covering the media and publishing sectors.

INSURANCE

Table of insurance stocks, including major insurance providers and their financial performance.

PROPERTY

Table of property stocks, focusing on real estate and related investment vehicles.

TOBACCO

Table of tobacco stocks, including major manufacturers and distributors.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, providing a comprehensive view of these sectors.

LEISURE

Table of leisure stocks, including companies in the entertainment and recreation industries.

PROPERTY

Table of property stocks, detailing real estate and investment trusts.

FINANCE, LAND

Table of finance and land stocks, covering banks, insurance, and landowners.

OVERSEAS TRADERS

Table of overseas traders, including international investment and trading firms.

PLANTATIONS

Table of plantation stocks, including companies involved in agriculture and land management.

Regional and Irish Stocks section, listing various international and regional market data.

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Equities stage tentative rally FT index up 4.8 at 1294.3

Account Dealing Dates
Optimism
First Declared Last Account
Dealing Date
Apr 23 May 8 May 9 May 19
May 12 May 29 May 30 June 9
June 2 June 12 June 13 June 23

Steadier conditions prevailed throughout equity sectors yesterday. Week-end press suggestions that the recent gloom may have been overdone helped generate a slightly better feeling in market sentiment, but failed to revive investment confidence to any great extent.

Overall conditions were extremely quiet and leading shares did little more than mark time after opening a shade firmer. The Financial Times Ordinary share index extended a gain of 1.8 at the 10.00 am calculation to one of 3.5 an hour later and subsequently held around that level until the official close.

Lower opening indications from Wall Street yesterday failed to unsettle the modest recovery movement and the index closed 4.8 up at 1294.3. The more broadly based FT-SE index rose 8.2 to 1573.1.

ANZ disappoints
A quiet banking sector was featured by weakness in Australian group ANZ which fell 14 to 263p on acute disappointment with the first-half results.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, 1986, 1985, 1984, 1983, 1982, 1981, 1980, 1979, 1978, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900.

Opening - 10 am 1290.8, 11 am 1293.0, Noon 1292.8, 1 pm 1292.4, 2 pm 1292.8, 3 pm 1292.8, 4 pm 1293.5, Day's High 1294.3, Day's Low 1289.0, Best Bid 1294.3, Best Offer 1294.3, Fixed Interest Index 1573.1, Ord. Div. Yield 4.24, Div. Yield 4.24, P/E Ratio (net) 11.61, 11.57, 11.69, 11.93, 12.49, 11.97, 10.99

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: High, Low, S.E. ACTIVITY, 1986, 1985, 1984, 1983, 1982, 1981, 1980, 1979, 1978, 1977, 1976, 1975, 1974, 1973, 1972, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900.

Government Securities, Fixed Interest, Ordinary, Ord. Div. Yield, P/E Ratio (net), Total Gains (Est.), Equity Turnover (Est.), Equity bargains (Est.), Shares traded (m).

provement of 15 in Clement Clarke, at 190p. Press-inspired gains of around 6 or so were seen in Caparo Industries, 54p, Apriort Computers, 90p, and Bine Arrow, 162p.

Boosey and Hawkes, which revealed poor annual results last Friday, firmed 8 to 208p, after following reports that the company had rejected a 2.5p per share bid approach from Music Sales.

Financials trended firmer, where altered. International City Holdings responded to a Press mention with a gain of 6 to 201p, while Altkem Exports firmed 10 to 176p for a similar reason.

Oil's firmer
A marginal improvement in spot oil prices helped the oil sector to gain ground. Interest centred at relatively low levels, but buying interest was sufficient to lift BP 7 to 562p and Shell 5 to a 1986 high of 782p.

Rotaprint sold
Secondary issues provided the major focal points in miscellaneous industrial. Rotaprint fell 2 to 7p following a "sell" recommendation and Bertrons firmed 7 to 96p after the company's further rejection of Allied Textile's offer.

Table of EQUITIES with columns: Stock, Price, Change, etc.

Table of FIXED INTEREST STOCKS with columns: Stock, Price, Change, etc.

Table of "RIGHTS" OFFERS with columns: Stock, Price, Change, etc.

Table of TRADITIONAL OPTIONS with columns: Stock, Price, Change, etc.

Table of RISES AND FALLS YESTERDAY with columns: Stock, Price, Change, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of EQUITY GROUPS & SUB-SECTIONS with columns: Index, Day's Change, etc.

Table of FIXED INTEREST with columns: Index, Day's Change, etc.

YESTERDAY'S ACTIVE STOCKS

Table of YESTERDAY'S ACTIVE STOCKS with columns: Stock, Price, Change, etc.

FRIDAY'S ACTIVE STOCKS

Table of FRIDAY'S ACTIVE STOCKS with columns: Stock, Price, Change, etc.

Perhaps the bravest man I ever knew... and now, he cannot bear to turn a corner

LONDON TRADED OPTIONS

Table of LONDON TRADED OPTIONS with columns: Option, Price, Change, etc.

Financial Times, 10 am 1570.8, 11 am 1570.8, Noon 1570.8, 1 pm 1571.2, 2 pm 1571.8, 3 pm 1572.0, 4 pm 1572.3

WORLD STOCK MARKETS

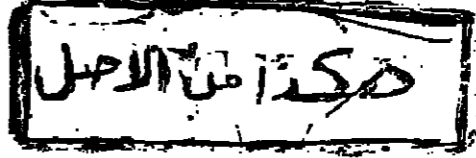


Table of stock market data for Austria, Germany, Norway, and Australia (continued). Columns include country, date, price, and change.

Table of stock market data for Japan (continued), Hong Kong, Singapore, and South Africa. Columns include country, date, price, and change.

Table of stock market data for various indices including New York Dow Jones, NYSE Consolidated 1500 Actives, and Toronto. Columns include index name, date, price, and change.

Table of stock market data for various indices including Australia, Belgium, Denmark, France, Germany, Italy, Netherlands, and Switzerland. Columns include country, date, price, and change.

Table of stock market data for France, Denmark, and Netherlands. Columns include country, date, price, and change.

Table of stock market data for Switzerland, Italy, and Australia. Columns include country, date, price, and change.

Table of stock market data for South Africa, Singapore, and various indices. Columns include country, date, price, and change.

Table of stock market data for various indices including NYSE Consolidated 1500 Actives, Toronto, and various international indices. Columns include index name, date, price, and change.

NOTES - Prices on this page are as quoted on the individual exchange and are best traded prices. \* Dealing suspended. \*\* Ex. corp. issue. \*\* Ex. rights. \*\* Ex. alt. \* Price in Schilling.

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices. Table listing various stocks and their prices.

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Additional text at the bottom of the page, including contact information and publication details.

Prices at 3pm, May 19

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month										12 Month										12 Month										12 Month									
High	Low	Stock	Div. Yld.	P/E	100s	High	Low	Class	Prev.	High	Low	Stock	Div. Yld.	P/E	100s	High	Low	Class	Prev.	High	Low	Stock	Div. Yld.	P/E	100s	High	Low	Class	Prev.	High	Low	Stock	Div. Yld.	P/E	100s	High	Low	Class	Prev.
24	11 1/2	AAR	.44	20.0	20	21 1/2	21 1/2	20	20	24	11 1/2	AAR	.44	20.0	20	21 1/2	21 1/2	20	20	24	11 1/2	AAR	.44	20.0	20	21 1/2	21 1/2	20	20	24	11 1/2	AAR	.44	20.0	20	21 1/2	21 1/2	20	20

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices, including columns for 12 Month High, Low, Stock, Div, Yld, P/E, and various price points.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices, including columns for 12 Month High, Low, Stock, Div, Yld, P/E, and various price points.

Over-the-Counter Nasdaq national market, 2.30pm prices

Table of Over-the-Counter Nasdaq national market prices, including columns for Stock, Sales, High, Low, Last, and various price points.

# FINANCIAL TIMES

## WORLD STOCK MARKETS

### WALL STREET

## Subdued start to busy week

THE US financial markets made a subdued start to a week featured by the monthly meeting of the Federal Reserve's Open Market Committee (FOMC) and by the disclosure of important data on the economy, writes Terry Byland in New York.

Firmness in the dollar helped the federal bond market at first, while stocks struggled to recover from a weak start.

At 3pm, the Dow Jones industrial average was down 2.86 at 1,756.94.

Activity was at a low ebb in the stock market, which is still waiting for clarification on the outlook for interest rates, the dollar and the pace of the US economy. Today revised the Commerce Department's revised estimates on GNP growth in the first quarter of the year. Wall Street expects the figure to be revised downwards to show growth at about 2.5 per cent annually.

This week also brings federal data on consumer spending, personal incomes, prices, durable goods orders and car sales. The FOMC, in session today and tomorrow, is thought unlikely to ease credit policies because of the recent weakness in the dollar.

The blue-chip sector steadied after the

expected selling bout on Friday when stock index options and futures expired. General Motors at \$75½ edged up 5¢, Ford 5¢ to \$76½ and Chrysler 5¢ to \$36.

Turnover in Sperry settled down to more normal levels, the stock edging up 5¢ to \$73½ as the board opened negotiations with Burroughs to see how far the bidder will increase its original offer of \$70 a share in cash and paper. Burroughs added 5¢ to \$58½.

Technology stocks were mostly higher. Hewlett Packard, reporting quarter earnings, added 5¢ to \$43½. But IBM shed 5¢ to \$144½ and Control Data at \$23½ gave up 5¢. In the personal computer sector, Apple shed 5¢ to \$35½.

Retail stocks traded an irregular pattern behind the latest round of corporate trading announcements. K mart, the leading discount store group, added 5¢ to \$50 on news of higher profits. JC Penney at \$75½, however, gave back 5¢ of the gain which followed last week's trading report.

Sears edged up 5¢ to \$43½ but May Department Stores shed 5¢ to \$76½ and Federated Department Stores 5¢ to \$76½.

Financial issues shared the general malaise, giving up part of their recent gains. Chase Manhattan lost 5¢ to \$39½ and Citicorp 5¢ to \$45½.

Firmness in the dollar left the pharmaceutical sector looking ragged. Merck, the sector leader, lost 5¢ of its recent gain to stand at \$181½. However, Pfizer, which also benefits from a weak dollar, edged higher 5¢ to \$57½ and Bristol Myers at \$75½ added 5¢.

Union Carbide gained 5¢ to \$23 in light trading in a chemical sector fea-

tured by support for Monsanto, up 5¢ to \$64½ and Dow, up 5¢ to \$52½.

In oils, Occidental Petroleum was 5¢ up at \$27½ after announcing a further minor reduction in the workforce. Reflecting the less certain outlook for oil prices, the rest of the oil sector showed minor changes. Atlantic Richfield attracted some selling, shedding 5¢ to \$54½. Exxon held unchanged at \$57½ in moderate turnover.

The picture was much the same in the airline sector, also an oil price influenced area. Selling of Pan drove the stock down again, a loss of 5¢ to \$5½ indicating worries over the loss of transatlantic business as US tourists cancel European bookings.

The bond market had an erratic session, taking its cue from the dollar. By midsession, when the dollar was weakening in New York, long-dated Treasury bonds showed losses of nearly half a point, compared with similar gains earlier.

Short-term rates shaded easier but were held steady by a federal funds rate at 6½%.

### TOKYO

## Noticeable shift to sidelines

DESPITE a noticeable shift to the sidelines, share prices closed higher for the first time for seven trading days in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average closed at 15,697.53, up 23.5 from last week's finish. Trading was extremely thin at 274m shares, down from Friday's 455m, because institutional and individual investors moved out of the market. Advances outnumbered declines by 428 to 387, with 136 issues unchanged.

The stock average had shed 320 points in previous six trading days after gaining 412 points in the first week of May. Enthusiasm evaporated in the absence of a clear picture of US interest-rate trends and the future of yen-dollar exchange rates. Before deciding on their investment strategies, investors were awaiting announcement of the revised figures for first-quarter US gross national product (GNP) to be released today.

On the trading floor, export-oriented blue chips were bought briskly in early trading, supported by the dollar's firmness against the yen in Tokyo and overseas foreign exchange markets. But buying began to dwindle towards the end of the morning.

Hitachi was actively bought and rose ¥19 at one stage, but came under selling pressure later to close ¥9 higher at ¥893.

NEC advanced ¥30 to ¥1,520, while Pioneer finished ¥30 lower at ¥2,470, after gaining an early ¥30.

Tobishima topped the active list with 15.69m shares traded, adding ¥34 to ¥849. Toyo Soda rose ¥9 to ¥419.

### LONDON

A TENTATIVE attempt at a rally was staged in London yesterday although there was a general reluctance to commit new funds.

The FT Ordinary index edged 4.8 higher to 1,294.3, while the more broadly based FT-SE 100 index firmed 8.2 to 1,573.1.

Plessey, up 8p at 226p, proved one of the best bright spots ahead of Thursday's preliminary statement. Yarrow was bought 190p higher to 820p on bid moves and leading food retailer Sainsbury added 8p to 378p.

Gilt-edged had a relatively quiet session, although low coupon shorts were in demand. Longs opened easier before recovering to finish ¼ higher on the day. Index-linked issues encountered some good buying.

Chief price changes, Page 37; Details, Page 38; Share information service, Pages 34-35.

KEY MARKET MONITORS			
STOCK MARKET INDICES		CURRENCIES	
NEW YORK	May 19	US DOLLAR	STERLING
DJ Industrials	1,756.94	(London)	May 19
DJ Transport	770.61	\$	1,518
DJ Utilities	181.20	DM	3,377.5
S&P Composite	233.16	Yen	252.25
INTEREST RATES			
Euro-currencies (3-month offered rate)			
E 10½			
SP 4			
DM 4½			
FF 7			
FT London Interbank fixing (offered rate)			
3-month US\$ 7½			
6-month US\$ 7½			
US Fed Funds 6½			
US 3-month CDs 6.70			
US 3-month T-bills 6.19			
US BONDS			
Treasury			
6% 1998 98½ 7.225 98½ 7.414			
7% 1993 98½ 7.96 97½ 7.81			
7% 1996 96 7.963 97 7.81			
7% 2016 95½ 7.84 97 7.50			
Source: Harris Trust Savings Bank			
Treasury Index			
Maturity Return May 19 Day's Yield Day's change			
1-30 148.41 +0.51 7.96 -0.06			
1-10 141.78 +0.42 7.71 -0.06			
1-3 134.33 +0.17 7.38 -0.06			
3-6 143.48 +0.58 7.92 -0.10			
15-30 172.35 +0.83 8.38 -0.04			
Source: Merrill Lynch			
Corporate			
AT & T			
3% July 1990 89 7.00 89% 6.88			
SCBT South Central			
10% Jan 1993 105% 8.20 106% 7.73			
Philbro-Sat			
8 April 1996 96 8.60 99 8.14			
TRW			
8% March 1996 100% 8.66 102 8.35			
Arco			
9% March 2016 105 9.37 106% 9.22			
General Motors			
8% April 2016 91% 8.95 94 8.69			
Citicorp			
9% March 2016 97% 9.60 99 9.47			
Source: Salomon Brothers			
FINANCIAL FUTURES			
CHICAGO			
US Treasury Bonds (CBT)			
8% 32nds of 100%			
June 95-04 95-00 94-28 94-30			
US Treasury Bills (TBB)			
\$1m points of 100%			
June 93.77 93.83 93.77 93.76			
Certificates of Deposit (CD)			
\$1m points of 100%			
June n/a n/a n/a 93.18			
LONDON			
Three-month Eurodollar			
\$1m points of 100%			
June 92.92 92.97 92.90 92.89			
20-year National Gilt			
£50,000 32nds of 100%			
June 123-29 124-21 123-28 123-28			
Source: Salomon Brothers			
COMMODITIES			
London			
Silver (spot fixing) 332.10p 332.10p			
Copper (cash) \$36.50 \$39.50			
Coffee (May) \$1,953.50 \$1,991.00			
Oil (Brent blend) \$15.45 \$14.55			
GOLD (per ounce)			
London			
May 19 Prev			
\$341.00 \$343.25			
Zürich \$343.05 \$342.05			
Paris (bargain) \$342.15 \$342.50			
Luxembourg \$342.45 \$342.20			
New York (June) \$340.70 \$343.80			
* Indicates latest pre-close figure			



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